

# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## Russia may tighten its grip

Comecon, the East European economic alliance, is considering *a change in its voting system* which could force the economic policies of smaller Communist states into line with the Soviet Union and provoke serious strains within the bloc.

The nine countries involved—the Warsaw Pact states, plus Mongolia and Cuba—are expected to discuss the plan at a summit in Bucharest later this month. *Comecon's present unanimous* voting procedure would be replaced by a system making majority decisions binding on all member countries. Back Page

### Tax on company scholarships

Company scholarships awarded to directors or higher-paid employees to assist in the cost of educating members of their *families are to* be taxed as benefits in kind, the Inland Revenue has announced. The move, which will affect many long-established schemes, is a further stage in the clampdown on fringe benefits and is likely to be bitterly opposed. Back Page

### Olympic plan

Greater London Council leader Mr. Horace Cutler suggested that *an Olympic city could be built* in London's derelict docklands to house the 1988 Olympic Games. The council may pay £50,000 for a feasibility study of *the project.* Page 8

### Girl fights ban

Theresa Bennett, a 12-year-old *girl who has been banned from* playing soccer with boys in the Newark Youth League, took her fight *for* equal opportunity to Newark County Court. She *claims* £2,000 damages, alleging that the Football Association is in breach of the Sex Discrimination Act, 1975. If she wins her case, the association will be unable to *stop girls* playing in junior football teams.

### Equal ownership

*Husbands and wives should* normally be equal owners by law of their homes—whether freehold or leasehold properties or council tenancies—unless they agree otherwise, the *Law Commission* has recommended. Page 10

### Fabian dies

Ex-Detective Chief Superintendent Robert Fabian, former head of the Flying Squad who retired in 1949 after 28 years in the Metropolitan Police, died in Epsom Hospital, aged 77.

### Carter accuses

The U.S. has firm proof that *Cuba helped train the Katangan* forces that invaded Zaire last month, President Carter said. The country's cholera epidemic has claimed at least 68 lives, but *seems to be* past its peak, according to the Belgian Health *Ministry*. African News, Pages 2, 3, 4 and 5

### Saudis rapped

The Foreign Office has protested to Saudi Arabia about the public *floggings of* two British engineers for breaking the Moslem ban on alcohol. The men, who have been released, are awaiting repatriation. The British Embassy said at least nine Britons were still in jail *for drink or other offences.*

### Briefly . . .

World Cup, second round: Holland 5, Austria 1 (in Cordoba); Italy 0, W. Germany 0 (in Buenos Aires); Brazil 3, Peru 0 (in Mendoza).

Harrods staff picketed the store in Knightsbridge, London, claiming they were underpaid. Their union said they would return to work today when talks would be held with the management.

Belfast woman, 19, was jailed for 14 years for causing an explosion which injured 20 people in a cafe.

### BUSINESS

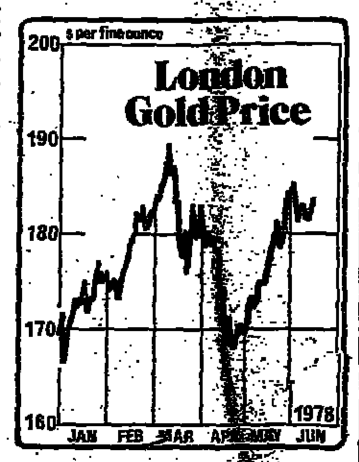
## Equities subdued; Gold $1\frac{1}{4}$ up

● **EQUITIES** fell 2.7 to 471.9 in subdued trading, with the dull tone extended into late dealings following disappointment over the May trade figures.

● ***GILTS*** *came in for profit-*taking at the short end, and falls of ½ to ¼ were recorded *in shorts and longs. The* Government Securities index closed 0.15 down at 70.63.

● **STERLING** closed 13 points *down at $1.8327, with its trade-*weighted index slipping to 61.3 (61.4). The yen rose to a post-war high against the dollar at Y215.25 ahead of Japan's May trade figures. Page 4. The dollar's depreciation widened to 6.0 per cent (5.8).

● **GOLD** rose $1¼ to $183¾ in




generally dull conditions in London.

● ***COPPER*** *price fall continued* on the LME, with cash wirebars down £13.5 to £723.5 a tonne on news that U.S. producer, Arasco, had cut its domestic price. In New York the prices of copper fell back sharply in response to the LME reduction. Page 31

● **WALL STREET** closed 2.42 down at 854.56.

● **SHELL CHEMICALS** has halted design work on a proposed £200m petrochemicals plant at Stanlow on Merseyside, because of a fall in world demand and resulting overcapacity in petrochemicals. ICI has said that some *of its smaller* petrochemical plants at Wilton, Teesside, will be run-down within four to six weeks. Back and Page 8

● **TUC** is to launch a combined trade union campaign against the 40-hour working week, with a policy paper being prepared for *next month's TUC economic com*mittee meeting. Back Page.

● **NALGO** annual conference at Brighton has approved continued dialogue with the Government on pay and the promotion of union *moderation on future pay policy* for its 710,000 members. Page 16

● **BSC** blastfurnacemen at the Llanwern works in South Wales *will discuss* today a peace formula aimed at ending their *two-week dispute* which resulted in the shut-down of the plant and the laying off of 4,900 steelworkers. Page 16

### COMPANIES

● ***NEB's*** controversial £5m investment in British Tanners Products has raised *further ques*tions from a Tory MP on financial transactions connected with the setting up of the company. Page 9

● **WESTLAND AIRCRAFT**, *whose profits may be substanti*ally lower on last year after industrial trouble at its Yeovil helicopter plant, has decided not to pay an interim dividend. Page 22

● ***LONDON AND OVERSEAS*** Freighters report a loss for the year to March 31 of £3.99m (£4.33m) and the dividend is to be passed. Page 22 and Lex

● **ROBERTSON FOODS** pretax profits rose *from* £2.58m to a record £2.73m in the year ended March 31, on turnover of £72.33m *(£53.27m)*. Page 25

## CHIEF PRICE CHANGES YESTERDAY

(*Prices in pence unless otherwise indicated*)

**RISES**

| | | |
|---|---|---|
| Allied Retailers | 278 | + 15 |
| Assed. Book Publshrs. | 248 | + 8 |
| Bath and Portland | 82 | + 5 |
| Breedon Cloud Lime | 100 | + 6 |
| Brown and Jackson | 116 | + 8 |
| Churchbury Estates | 275 | + 7 |
| Common Bros. | 134 | + 7 |
| Eurotherm | 168 | + 6 |
| Executex | 35 | + 4 |
| Henderson (J. W.) | 210 | + 55 |
| Hartwells | 106 | + 9 |
| Letraset | 142 | + 6 |
| Lookers | 68 | + 4 |
| Muirhead | 173 | + 7 |
| Owen Owen | 82 | + 7 |
| Staveley Inds. | 272 | + 25 |
| Swan Hunter | 134 | + 6 |
| Union Discount | 338 | + 10 |
| Vosper | 177 | + 7 |
| Anglo Utd. Dev. | 260 | + 57 |
| BH South | 118 | + 17 |
| Cons. Gold Flds. Aust. | 300 | + 15 |
| Northgate Expln. | 465 | + 15 |
| Oakbridge | 178 | + 8 |
| Sabina | 71 | + 11 |
| Thiess Hldgs. | 256 | + 16 |
| Westfield Minerals | 110 | + 13 |

**FALLS**

| | | |
|---|---|---|
| Excheq. 12½pc '81 | £103⅝ | − ⅞ |
| Barclays Bank | 330 | − 5 |
| Guinness Peat | 245 | − 10 |
| Heron Motor | 185 | − 9 |
| LOFS | 27½ | − 6½ |
| McNeill Group | 46 | − 7 |
| Pauls and Whites | 121 | − 4 |
| Pennine Motor | 10 | − 3 |
| Trust Houses Forte | 215 | − 5 |
| Siebens UK | 332 | − 16 |
| Charter Cons. | 144 | − 6 |
| North Broken Hill | 132 | − 8 |
| Vlakfontein | 52 | − 10 |

# Labour holds on by majority of five

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN last *night staked* the future of his Government in a gamble to win a vote of confidence in the Commons.

The desperate last-minute *move paid off—securing the* abstention of the Liberals and Welsh Nationalists to give the Government a majority of five.

Amid jubilant Labour cheers, a Tory censure motion on Mr. Denis Healey, the Chancellor of *the Exchequer, was* defeated by 287 votes to 282. Thirty-eight MPs were paired, some at the European Parliament and others on a visit to the U.S.

*The vote again underlined the* Government's increasingly precarious position as the end of the Lib-Lab pact approaches and shortens the odds in favour *of an autumn general election.*

The victory boosted Labour morale and the Prime Minister was boisterously cheered from the Labour benches as he told *his party: "When the time* comes we can appeal to the country in confidence, proud of our record, knowing that facing us is a bankrupt Opposition."

*The Prime Minister said that* he had treated last night's vote as an issue of confidence because of the damaging repercussions that would have followed a Gov*ernment defeat in the money* markets and on the exchange rate.

The Government was determined to carry through its battle against inflation and to secure its devolution legislation, he said. "If we cannot get support from the House, we believe we should get full support from the *country.*"

Though the vote was directed *against the Chancellor, the Prime* Minister said it was aimed in *effect against the Government's* whole financial and economic policies.

**Labour and the Conservatives are running neck and neck according to two opinion polls published today. Gallup, in the Daily Telegraph, gives the parties 45½ *per cent* each and MORI in the Daily Express gives the Tories 46 per cent and Labour 45 *per cent.***

Mr. Callaghan's tactical move to turn the vote into an issue of *confidence was taken* only two hours before the debate began. A Government defeat, it was announced, would mean the dissolution of Parliament and an immediate general election.

The decision—ratified by a *hastily* summoned meeting of Cabinet Ministers at the Commons while Mr. Callaghan con*tinued his talks with President* Ceausescu of Romania at Downing Street—was prompted by a warning that the Liberals intended to vote with the Conservatives.

Mr. David Steel, the Liberal leader, told the Prime Minister that he could not restrain his MPs from joining the censure on *the Chancellor* unless the Government treated the vote as an issue of confidence.

Facing inevitable defeat if the Liberals were ranged against *him, Mr. Callaghan* acted rapidly to save the Government. Ministers agreed that there could be *chaos in the money markets* if the Government was defeated. And a separate confidence vote, invoking the Lib-Lab pact to uphold the Government, was delayed for a further day.

Mr. Callaghan decided to intervene in the debate himself in defence of the Government and the Chancellor. The Liberals *responded by agreeing to abstain*

This gave the Government a paper majority of four—but with one Labour MP, Mr. Tom Litterick, absent abroad and un*certainty about the attendance of* Mr. Frank Maguire, the Irish Independent the result of the division still looked in doubt. The two did not arrive to vote.

The Ulster Unionists, who, unknown to the Government, had earlier decided to abstain, *ironically switched to support* the Conservatives on the confidence vote. The Scottish Nationalists also voted with the Tories but the Government insured *itself against defeat by* persuading the three Welsh Nationalists MPs to abstain.

*The Welsh Nationalists in a* statement said that their action had been decided after assurances that any excess revenue from the employers' surcharge would be distributed in tax *reliefs in the* next Budget.

Sir Geoffrey Howe, Shadow Chancellor, launching the Commons attack on the Chancellor, *accused him of "laying the foun*dations for a stagnant economy and an impoverished society."

*"He has presided over a stra*tegy for the demoralisation and destruction of British industry" he declared.

Bolstered by the tactical moves *in his support*, Mr. Healey mounted a vigorous defence of his policies that brought a prolonged roar of cheers from the Labour benches.

*The Chancellor lent support to* City expectations that the first of a series of small cuts in the minimum lending rate would begin in a few weeks at the most. Mort*gage rates should follow, he said.*

Mr. Healey claimed that his package of measures had *already* been a "resounding success. The Government had taken action to break the deadlock in the gilts market and to demonstrate its determination to keep the money supply under control," he said.

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SHARP VARIATION AGAIN IN MAY CURRENT ACCOUNT

# UK back into trade deficit

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN'S CURRENT account moved back into *deficit again* last month after the record surplus in April.

*This year's pattern* of sharp month-to-month fluctuations is continuing, and about half the £392m deterioration in May — for a deficit of £49m — is ex*plained by movements* in the more erratic items, notably precious stones, and by an *industrial* dispute at Southampton docks.

Consequently the underlying t--- ! remains obscure, though it is clear that rising North Sea oil production is offsetting a sluggish *export performance* and a steady growth in manufactured imports.

In the last three months there has been a £150m improvement in the current account compared with the *December-to-February* period for a surplus of £105m. This is fully explained by a narrowing of £280m in the visible deficit on trade in oil.

*The latest* figures produced mild disappointment in the foreign exchange market yesterday. After an initial fall, sterling soon recovered and closed only 13 points lower at $1.8327. The trade-weighted index slipped by 0.1 to 61.3.

Prices of gilt-edged stock fell by between ¼ and ½ and there *were doubts in the market about* whether the new £1bn ultra-long tap stock would be over-subscribed when offered this morning.

**BALANCE OF PAYMENTS**
£m seasonally adjusted

| | | Visible trade | Invisibles | Current account |
|---|---|---|---|---|
| 1977 | 1st | −947 | +454 | −493 |
| | 2nd | −764 | +399 | −365 |
| | 3rd | + 54 | +483 | +537 |
| | 4th | + 45 | +441 | +486 |
| 1978 | 1st | −574 | +269 | −305 |
| | Jan. | −338 | + 90 | −248 |
| | Feb. | + 43 | + 89 | +132 |
| | Mar. | −279 | + 90 | −189 |
| | Apr. | +223 | +120 | +343 |
| | May | −169 | +120 | − 49 |

*Source: Department of Trade*

The reception is still seen as finely balanced, given that an £800m short tap is on offer on Friday. *However*, a £7m issue by South Tyneside Council was over-subscribed more than 100 times yesterday.

North Sea oil remains the main bright feature of the figures. The deficit on visible oil trade is less than three-fifths of *the figure a year* ago, and less than half the gap of two years ago.

*Otherwise*, the picture is not so encouraging even when the more erratic *items*, such as ships, aircraft and precious stones, are excluded.

On this basis, the volume of exports of manufactured goods

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# British Airways cuts some fares by 66%

BY LYNTON McLAIN

BRITISH AIRWAYS is chal*lenging the International* Air Transport Association by introducing further cheap fares.

*Reductions of 66 per cent* will be offered from October 1 on all British Airways flights between the U.K. and Scandinavia, bringing the price of *flying from London to Stock*holm and back from £272 to £92. The only conditions will be 30 days advance booking and a minimum stay of seven days. The scheme, *welcomed* last night by Mr. Edmund Dell, Secretary of Trade, will apply to flights to the U.S. from next spring.

Also from October, the airline is to cut UK domestic fares by 45 per cent for week*end travel on stand-by tickets.* Pensioners will be eligible for 40 per cent fare cuts if they fly on Wednesday, Thursday or Friday.

Mr. Gerry Draper, director, commercial operations, said yesterday that British Airways *could no longer be constrained* by IATA in meeting growing customer demand for cheap fares.

The airline was not advocat*ing complete de-regulation of* international air fare pricing —it wanted to take the lead in setting new, cheap fare standards.

"The time has come when world airlines have to recognise that the traditional sche*duled fares have to go to meet* cheap fare needs, the fastest growing area in air travel."

Mr. Draper is discussing British Airways' new low fare structure *with all other inter*national airlines and agreement has not been reached on the precise level of transatlantic fares in British Air*ways' new discount class.*

The airline has proposed the re-introduction of several distinct classes on all its flights. In place of first class and *economy class British Airways* aircraft from October would start flying with three classes: first, club and discount.

First would have all the features of present first-class seats. Club would be the staple form of travel for most businessmen, combining executive needs with the present economy *class. Business passengers* using this service still would be able to change tickets at will but would have a guaranteed number of seats

At the moment, 23 per cent of British Airways tickets are standby or budget. Under the *scheme proposed yesterday, 50* per cent. of all seats would be at cheap rates.

*Provisional* fares between New York and London from next year will be £748, first-class return; £340 club-class return; and £149 discount return.

The new Heathrow-Aberdeen standby single will be £22, compared with £39.90 now.

● The best buy on British Rail for the journey between London and Aberdeen is the £26.68 weekend return, with *£30.65 charged for the monthly* return.

British Caledonian plans seven U.S. routes Page 8
Editorial comment Page 20

# Debts of IRI reach £11 bn

BY PAUL BETTS

ROME, June 14.

THE ACCUMULATED debts of *Istituto per la Ricostruzione In*dustriale, the giant Italian state holding company employing *some 500,000 people and incor*porating more than 180 concerns in Italy alone, have now reached L18,000bn (£11bn), according to Sig. Giuseppe Petrilli, the *group's chairman.*

As a result, IRI, one of the pillars of the country's industrial structure, is facing its worst crisis for more than 30 years.

*Addressing a special Parlia*mentary economic commission, Sig. Petrilli said IRI urgently *needed a big, new injection of* funds for its current investment programme and to recapitalise many of its financially troubled companies.

He asked *Parliament for an* immediate increase of L2,000bn in IRI's capital endowment *fund to complete its L8,000bn* 1978 and 1979 investment programme.

*The group needed a further* L3,500bn to cover the accumulated losses of several of its companies—including Alfa Romeo and the Italsider steel *conglomerate*—and reconstruct their base capital, he added.

Previous delays in the allocation of capital endowment funds had forced IRI to seek further *short-term*, high interest-bearing credits from the banks. Of the group's total L18,000bn debt, about L7,000bn was short-term, Sig. Petrilli disclosed.

IRI investments this year were expected to create about 9,000 new jobs. The figure would have *been higher, but the holding* company's policy was to maintain *employment levels in a number of loss-making companies.*

The group is considering a *further* longer-term package of investments totalling about L6,350bn which will bring IRI's *overall investment target to* about L13,700bn. In the depressed south, IRI is investing L1,750bn and planning further investments of L2,500bn.

*Sig. Petrilli* emphasised the social role IRI played in the Italian economy. This often in*volved risks not normally faced* by other Italian industrial groups. Between 1970 and 1976, IRI's contribution in creating new manufacturing sector jobs in *southern* Italy represented as much as 41 per cent of the total, while in national terms IRI's contribution amounted to no more than 6 per cent.

# Britain warned against seeking bilateral fishing agreements

BY MARGARET VAN HATTEM

STRASBOURG, June 14.

MR. *OLAV GUNDELACH*, the EEC Fisheries Commissioner, tonight spelled out a clear warn*ing to Britain*: there will be no more major concessions on fishing policy, and any attempt to bypass the Community and seek bilateral agreements with third *countries will be taken up imme*diately in the European Court of Justice.

In a *major statement to the* European Parliament in Strasbourg, Mr. Gundelach *said nego*tiations for an EEC common fisheries policy appear to have *reached a stalemate.* British demands for special treatment went "just a bit too far," he said.

His recent tour of EEC capitals *had shown* that the gap between Britain and the other eight memmer states *had, if anything,* widened since the informal meeting of fisheries ministers in Berlin last January when the other eight concluded a *"gentleman's agreement,"* ex*cluding Britain, to abide by* Commission proposals for 1978.

Mr. Gundelach said Britain had consistently delayed progress towards a common fisheries *policy, despite the fact that both* the Commission and the other member states had gone a long way to meet its special requirements.

"The Commission feels its latest proposals are fair and go as far as is possible under the *Treaty of Rome,*" he said. "I don't say that modifications are not possible, but the Treaty must be respected."

He warned that any member *state which tried to negotiate*, formally or informally, for arrangements with third countries would be taken immediately to the European Court *of Justice.*

This was an obvious reference to suggestions made by Mr. John Silkin, the UK Minister of Agriculture and Fisheries, who said *in London today that the possi*bility of a bilateral deal might be raised during his five day visit to Norway at the end of this month.

However, despite the warning *to Britain*, Mr. Gundelach's speech was moderately worded and he appears to have accepted that there will be no solution for the fishing problem until *after the British General Elec*tion.

There were strong indications in Strasbourg that both the Commission and the Danish presidency regard Mr. Silkin's *posi*tion as pre-election manoeuvring

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**Silkin's potato dilemma Page 31**

**£ in New York**

| — | June 14 | Previous |
|---|---|---|
| Spot | $1.8305-8315 | $1.8350-8340 |
| 1 month | 0.90-0.85 dis | 0.82-0.74 dis |
| 3 months | 1.90-1.85 dis | 1.82-1.74 dis |
| 12 months | 5.90-5.80 dis | 5.70-5.60 dis |



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### FEATURES



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THE OECD MINISTERIAL MEETING

# Pledge on free trade to be renewed

BY ROBERT MAUTHNER

PARIS, June 14.

MINISTERS FROM the Organisation for Economic Co-operation and Development (OECD) countries will tomorrow renew the trade pledge which they first adopted four years ago and which commits those countries to refrain from taking unilateral measures which restrict the free flow of world trade.

A slightly modified version of the pledge has been approved by the majority of the 24 member countries, but its formal adoption by the organisation's Foreign and Finance Ministers at their two-day annual meeting here was postponed until tomorrow, pending the arrival in Paris of Mr. Edmund Dell, the British Secretary of State for Trade.

At the same time, conference sources said that the Finance Ministers of the so-called Group of Five—the U.S., West Germany, Japan, the UK and France—would have a separate meeting here tomorrow, or possibly in London on Friday, devoted mainly to preparations for the Western economic summit, due to be held in Bonn next month.

Only the preamble of the trade pledge, which is considered to be an important element of the industrialised world's overall economic strategy, has been modified to take account of developments since 1974.

It emphasises in particular that the difficulties encountered by several industrial sectors in many of the member countries are an important source of tension in the trade field and that there is a continuing risk that unilateral trade and other current account measures could touch off a protectionist chain reaction.

Every effort should be made to identify sectoral problems before they assume critical proportions, the preamble goes on. Action in this field should be confined to measures which did not transfer the burden of adjustment to trading partners and which minimised distortions to trade.

At today's meeting of foreign ministers—the finance ministers do not meet until tomorrow—little or no reference was made to the specific expansionary measures which individual countries should adopt to speed up growth in the industrial world.

While there was general agreement that, given the gloomy forecast by the OECD secretariat that growth in the area as a whole would be no more than 3.5 per cent in 1978, a concerted growth strategy was urgently required, the West Germans and Japanese still refuse to accept the idea that specific growth and domestic demand stimulus targets should be fixed for individual countries.

Even the U.S. still has doubts on this score and it thus remains highly questionable whether the participants in the Bonn summit next month will be able to agree on any quantitative commitment.

Most of the emphasis today was on what the OECD secretariat calls "positive adjustment policies," namely the abolition of anti-cyclical measures which have been taken in many countries to prop up ailing industries and protect jobs in uncompetitive sectors.

Mr. Emile Van Lennep, the OECD Secretary-General, set the tone for the discussions by emphasising that, given present high unemployment, there were increasing pressures to modify domestic policies in ways that undermined the role of market forces "in the dynamic process of continuous adjustment."

The continuation on a large scale of policies which tended to lock labour and capital into declining activities would, in the longer run, make the industrialised economies more inflationary and less productive.

His remarks were immediately taken up by Mr. Cyrus Vance, the U.S. Secretary of State, and Herr Hans Dietrich Genscher, the West German Foreign Minister. Trade liberalisation must be accompanied by national policies which encouraged economies to adjust to changing trade patterns, Mr. Vance said.

Policies to assist industries should not become prolonged protection. Government subsidies to specific sectors or companies in trouble should be reduced progressively and should be linked with the phasing out of obsolete capacity and the promotion of viable industries, Mr. Vance said.

Britain, however, still has strong reservations about the new emphasis on phasing out Government subsidies and job protection measures. Mr. Frank Judd, Minister of State for Foreign and Commonwealth Affairs said that the adjustment process must be carefully tailored to reduce hardship to a minimum.

**Our Foreign Staff adds:** Mr. Edmund Dell was expected to announce that the UK was prepared to join in renewing the pledge for one more year but to emphasise that, unless the world economy could be improved the present international trading system would continue to crumble, pledge or no pledge.

# Bonn Cabinet tackles rail losses

BY ADRIAN DICKS

BONN, June 14.

THE WEST GERMAN Cabinet today made a determined effort to get to grips with the financial difficulties of the Deutsche Bundesbahn, the federal railways.

It authorised a series of cost-saving and rationalisation measures, and directed Herr Kurt Gscheidle, the transport minister, to work out a series of alternatives for which the railways would be relieved of financial responsibility for the permanent way.

Although decisions taken today fall well short of the long-promised consolidation of the railways' financial position, they are likely to be greeted as an important first step towards making them operationally profitable and striking a balance with other modes of transport.

The programme of closures, involving up to 6,000 kilometres of passenger-service track and 3,000 kilometres of goods-service track, is to be continued. But services are being substituted for uneconomic rural lines. The Transport Ministry is to bring railways and postal country buses into a single, integrated network by the end of next year.

The railways are to receive additional aid to build up investments in more profitable freight systems such as containers and the piggy-back carriage of lorries. Herr Gscheidle is also empowered to review the tax-free status of the inland waterways, the main competitor to the railways for bulk freight business.

There is likely to be a delay in the main new building project, that of a new trunk route from Hanover to Wurzburg, which is intended to ease the Rhine valley bottleneck on the present principal north-south main lines.

There is also to be a thorough review of the cost structure of commuter services, with an increase in local authorities' shares in the financing of uneconomic routes.

Herr Gscheidle is hoping for savings of some DM600m a year. The figure is likely to disappoint those who had hoped to hear new ideas from the Cabinet on how to reduce the level of deficits. These are running at DM 12-13bn a year, on top of an accumulated debt for the railways of DM 30bn at the end of last year.

# Promise by West on Namibia settlement

By David White

PARIS, June 14.

FOREIGN MINISTERS of the five Western countries involved in Namibian settlement initiatives today pledged to renew their conciliation efforts.

Dr. David Owen, the British Foreign Secretary, made no comment after the hour-long meeting this morning, but U.S. sources said the talks "went well."

A bald communique issued afterwards said the ministers "took note" of the recent meeting in Luanda between the South West African People's Organisation (SWAPO) and five front-line black states. The African leaders are apparently pressing to get a settlement along the lines of the Western proposals back on the rails.

Michael Holman writes from Lusaka: The South West Africa People's Organisation (SWAPO) will accept the five-power settlement plan for Namibia, say informed sources here, providing the 1,500 South African troops permitted during the transition to independence are based south of Windhoek, and the Western powers declare that, despite its exclusion from the plan, they regard Walvis Bay as an integral part of Namibia.

The SWAPO position, more flexible than its public stance which insists that Walvis Bay be incorporated in the Western plan, follows the meeting of the five frontline African states in Angloa last weekend.

The frontline leaders are prepared to formally endorse SWAPO's acceptance provided those two conditions are met.

The sources believe the Western powers would be prepared to issue the Walvis Bay declaration, but are pessimistic about South Africa's willingness to position their troops in the south.

# Giscard defends economic policy and Africa strategy

BY DAVID CURRY

PARIS, June 14.

THE FRENCH President M. Giscard d'Estaing, today strongly defended both the economic policy of his Government and the military intervention he had ordered in a number of African countries.

At his first press conference for almost 18 months he defined the African policy as one of "stabilisation contributing to the maintenance of the possibility of detente."

Although he did not directly criticise Soviet and Cuban policy in Africa he repeated his familiar paraphrase of such criticism—that detente had to be global to be effective.

French troops have been in action supporting the Mauritanian and Chad governments against rebellions backed respectively by Algeria and Libya while today the final detachment of troops in Zaire began its pull-out to return to France.

The President defined three results of the African policy: stabilisation; proof that France had the capacity and the will to fulfil her commitments; and reassuring French citizens that they would be protected.

He was careful to assert that in each case French action had been defensive, limited, orientated towards the search for a political solution, and at the request of the African government concerned.

M. Giscard d'Estaing examined the cases of African intervention in turn claiming that each had been the minimum necessary to respect treaty obligations when French citizens has been under attack or threatened and when the African Government faced a clear illegal challenge to its authority.

On economic policy, the President denied that there was any distinction between his ideas and those of his Prime Minister M. Raymond Barre. He repeated his commitment that France will seek a faster economic growth rate than the average of her European partners. He would aim at an extra 0.5 to 1 per cent, he said, and in 1977 and 1978 the French lead was likely to be 0.7 per cent.

**French unemployment fell to 1,037,000 in May unadjusted, from 1,047,000 in April, the Labour Ministry said yesterday, Reuter reports from Paris. Job offers rose to 94,600 on an unadjusted basis in May from 90,600 in April, the Ministry said.**

Blaming the recession on the high cost of energy and the technological challenge from new industrial countries, the President said that painful as the Government's policy of correcting imbalances in the economy was, such a policy was essential if France were to return to full employment.

M. Giscard d'Estaing said that France's task was to catch up with the leading handful of industrial countries and leave the pack behind. Success would depend on improving professional and job training; persuading savings to go into industry; and lightening the structure of the State apparatus.

He announced that in 1979 there would be a special measure to permit companies to increase their capital by up to 5 per cent by a free share issue to their work force. Fiscal arrangements would be made to maintain the yield of shares already issued. Some 10m shares could be issued, he estimated.

He affirmed that the austerity programme guaranteed maintaining the purchasing power of workers and he defended his social policies by announcing the advance from October 1 to July 1 of an increase in minimum old age pensions of Fr 1,000 to Fr 12,000 a year.

On the political front, the President spoke of three legislative proposals: measures to limit the number of national elective offices which could be held by one person to two; proposals on the financing of political parties; and, most controversially, the possibility of restoring proportional representation to local government elections in the bigger towns. In addition, he planned to introduce the right of reply to ministerial broadcasts on the British model.

These measures respond to some extent to criticism formulated by the Opposition during the series of post-election "summit" meetings between the President and the main Opposition leaders.

# 'Positive response' to Zaire plea

BY GUY DE JONQUIERES

BRUSSELS, June 14.

THE ZAIRE Government claimed this evening to have received a "positive response" from a number of Western nations to its appeal for $116m in emergency aid to help relieve the hardships caused by its economic crisis and the recent fighting in the copper-rich province of Shaba.

But substantive discussions of Zaire's demands for increased Western assistance to finance the longer-term projects contained in President Mobutu's economic recovery plan appear unlikely to take place before the end of this year at the earliest.

Zaire has been seeking almost $1bn for long-term investment as well as medium-term balance of payments support. But many of its creditors appear unwilling to meet these requests until they can judge the progress which it makes in restoring economic stability, and see the outcome of its current negotiations on a new credit line with the International Monetary Fund.

M. Andre Ernemann, the Belgian chairman of a two-day meeting here between Zaire and 10 of its Western creditors, said this evening that the IMF negotiations would be "extremely difficult and painful" and would take some time to complete. The meeting was also attended by representatives of the World Bank and the EEC Commission, as well as the IMF.

President Mobutu's personal representative at the talks, Citizen Bokana, said that he expected the relief aid to flow in during the next three months but declined to put an exact figure on the amount available. Offers made at the talks will in any case have to be officially confirmed by national governments.

It is understood that much of the planned relief aid will come from a speeding up of programmes already in operation, rather than from fresh contributions, and will take the form of goods rather than financing. Foodstuffs and medical supplies are likely to account for the bulk of the shipments, and it has apparently proved difficult to meet Zaire's demands for fuel and raw materials.

Moreover, most of the donor countires have insisted on playing a part in supervising the distribution of the supplies to ensure that they reach their intended recipients. Germany, Canada and Belgium, together with the EEC Commission, are believed to have made precise offers today, though Britain, the U.S. and France are understood to have asked for more time to consider the size of their contributions.

It has been agreed that the participants at today's talks will meet again in the autumn

# Callaghan hails role of Romania in Mideast

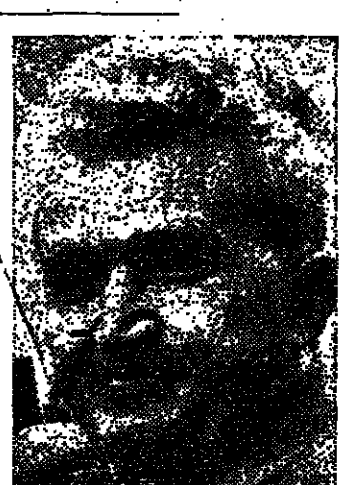
BY OUR FOREIGN STAFF

MR. JAMES CALLAGHAN, the UK Prime Minister, said yesterday that the visit to Britain of Mr. Nicolae Ceausescu, the Romanian President, set the seal on the steadily increasing scope of Anglo-Romanian relations.

At a lunch held in President Ceauseseu's honour, Mr. Callaghan praised the Romanian leader's statesmanship and the "valuable role" which Bucharest has played in trying to bring about progress in the Middle East. Both Mr. Menahem Begin, the Israeli Prime Minister, and Mr. Anwar Sadat, the Egyptian President, have visited Romania, which is the only East European country to have relations with Israel.

Mr. Ceausescu's talks with Mr. Callaghan yesterday apparently spanned the full gamut of world affairs, focusing on disarmament, East-West affairs, as well as the Middle East

In his speech, Mr. Callaghan referred specifically to Anglo-Romanian trade and described the 1977 joint trade turnover as encouraging. The Romanians are known however to be dissatisfied with the amount of British purchases from their country which has resulted in a substantial imbalance in Britain's favour.



President Ceausescu

# Oil self-sufficiency ends

BY ROGER BOYES, RECENTLY IN BUCHAREST

MR. NICOLAE CEAUSESCU, the Romanian President, was understandably pleased on Tuesday when the Queen praised his country's "resolute stand" and "heroic struggle" for independence. Maintaining a relatively independent position within the Warsaw Pact and Comecon is the cornerstone of the President's foreign policy, and indeed his political fortunes rest on its maintenance.

Yet Romanian autonomy depends on rather more than international affirmation, deriving in the first place from a degree of self-sufficiency in energy resources. As the only major oil producer in Eastern Europe besides the Soviet Union, it has avoided having to tailor its economic policies in return for Russian crude.

Times, however, are changing. As it pushes ahead with its ambitious industrialisation plans, Romania has become a small importer of oil and looks set to become a large one by the end of the 1980s. Mr. Ceausescu is determined to industrialise rapidly, and one of the main growth sectors in this process is petrochemicals, which further increases the need for oil.

Romania's oil reserves are sufficient, according to Western estimates to allow production at the current rate of 14.5m-15.5m tonnes per year to be maintained for the next decade. But unless new fields are discovered, a decline in production can be expected in the 1990s.

During the 1960s, domestic oil consumption was significantly below production, thus facilitating substantial exports of oil products. Now, however, because of the increased domestic demand and the continued export of petrochemicals, Romania is having to import about 6m tonnes of crude.

Romania is determined to buy this oil from non-Comecon sources, such as Iran and Libya. But, according to Western diplomats in Bucharest, it may have to buy—albeit in small measures crude from the Soviet Union in the late 1980s or radically cut its industrial growth rate.

The high price of Middle East oil has caused considerable concern to Romanian planners—so much so that Romania may relent and turn to the cheaper Soviet imports.

The long-mooted Constanza oil project—refining Kuwaiti crude in Romania for eventual export—illustrates the difficulties Bucharest faces in oil deals with the Middle East. Intent on minimising foreign involvement in its economy, Romania is firmly resisting Kuwaiti proposals for a share in the refinery's profits and holding out for one-off payments per shipment.

Romania is understood to be sounding out Nigeria to replace Kuwait in the project. But with a new OPEC price rise in the offing, the potential of Soviet oil will become more attractive.

Natural gas production—Romania's energy strength is primarily in the hydrocarbons—is a similar problem. Natural gas output has been sufficient to meet domestic demand during the past 10 to 15 years and to provide for a small export to Hungary from the Transylvanian fields. But since 1970 output has not increased and is expected to peak at about 30m cubic metres. This is enough for present production but if, for instance, the chemical industry is to grow as rapidly as planned, gas will have to be imported—almost certainly from the Soviet Union.

Romanian planners expect to electrify some 95 per cent of the country by 1980 and are planning to make more use of hydro-electric generated power. They expect that such power could provide about 11 per cent of the country's primary energy requirements by 1980.

But there is also a tendency to switch to thermal power stations from natural gas and oil to solid fuels and this will call for substantial investment. It will also increase Romania's dependence on imports of brown coal and lignite—imports which may well come from Comecon.

It is unclear how deep Romanian energy dependence will bite. There is a wide-ranging energy saving programme and energy planners talk of the growing role of nuclear power. But the planners' concern is evident. Romania cannot stay as independent from Comecon as its foreign policy dictates unless growth rates are scaled down in the 1980s.

President Ceausescu, on his present form, will be reluctant to slow down the pace of industrialisation, which he has equated with all-round better living standards. But the price of such growth may be high: an increasing dependence on Soviet and East European energy resources and the full incorporation of Romania into the Comecon fold.



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# Swedish energy body gives backing for nuclear power

BY WILLIAM DULLFORCE

STOCKHOLM, June 14.

SWEDEN'S Energy Commission has decided by a majority of ten to five that nuclear waste can be safely treated and stored. The majority recommends that nuclear power continue to be an energy source but leaves open the question of how many reactors shall be built. Sweden currently has ten in operation or in various stages of construction.

The Commission was set up by the Government early last year shortly after the three non-Socialist parties had won power in an election during which the new Prime Minister, Mr. Thorbjoern Faelldin, had promised to do away with nuclear power. The Commission's final report, tabled yesterday, does nothing to resolve the impasse within the coalition over nuclear policy and paves the way for a government crisis later this year.

The question now is whether the national conference of Mr. Faelldin's Centre Party at the end of this week can open the way for any compromise acceptable to the moderates (Conservatives) and Liberals, who favour continuation of the nuclear programme. The minority of five within the Commission which opposed nuclear power comprised the two Centre Party representatives, a Communist and two outside experts.

Its chairman, Mr. Ove Rainer, stated that the conclusions of the Commission majority left room for political compromise but he pointed out that it was backed by a large majority within parliament and the trade unions, which should make a political decision possible.

Mr. Rainer also stated that he had never experienced such intolerance and lack of respect for others' views as during the Commission's work. The whole energy situation was in political deadlock.

The Minister of Energy, Mr. Olof Johansson (Centre Party) said yesterday that the final decision on nuclear policy would be based on the current investigation into the nuclear fuel safety project, which the industry affirms will meet the requirements laid down in the nuclear safety act passed by the present parliament, and on current international investigations into nuclear safety.

He has promised that a decision will be taken in August about the fuelling of the two reactors now nearing the commissioning stage. In the final analysis this decision will depend on the conscience of Mr. Faelldin.

# Norwegian production costs 'must be reduced'

By Our Own Correspondent

STOCKHOLM, June 14.

STRONGER MEASURES, including a more severe reduction in domestic consumption, must be taken to reduce Norwegian industry's production cost to the level prevailing in competing countries, the Norwegian Federation of Industries urges in its latest economic survey. It expects industrial production (excluding oil) to drop by 2 per cent in 1978, which will be the fourth successive year of either decline or only marginal growth.

Last year Norway's traditional exports slumped by 4.5 per cent in volume. The Federation evaluates the loss in market shares to NKr 2bn (£200m) and warns that the non-oil export industry will continue to lose market shares for several years to come.

During the first four months of this year the value of exports dropped a further 2 per cent and the Federation estimates that, even with an improvement later in the year, there will be another fall in export volume of about 1 per cent in 1978.

The reason for this poor performance, the Federation believes, lies in the development of Norwegian labour unit costs which rose 25-30 per cent more than those of Norway's main competing countries in the 1974-77 period. Industry's costs needed to be adjusted so heavily and so quickly that it was unrealistic to hope that the problem could be solved through an incomes policy alone, the Federation states in a shot aimed at the Labour Government.

The Federation wants domestic demand, including public consumption, to be reduced further. The Government has hesitated to act more strongly because of the effect on employment but the Federation argues that there is no other course

Shrinking shipyards, Page 30

SPAIN'S UNEMPLOYMENT

# The high cost of cutting inflation

BY ROBERT GRAHAM IN MADRID

SPANIARDS ARE paying for a successful curb on inflation by an increasingly high level of unemployment. One of every 14 of Spain's active population has no job. If the number of marginally employed is added, the proportion is almost one in 10.

The calculations are based on figures provided by the National Statistics Institute for the first quarter of the year. Although the accuracy of the Official figures is open to challenge, no one will dispute that Spain is experiencing the highest level of unemployment since the 1950s. Ministers and senior officials are giving the matter the utmost priority while the opposition parties and the trade unions are increasingly vociferous in their demands for remedial measures.

The official figure has yet to top the psychological barrier of 1m. According to the National Statistics Institute, at the end of March 927,500 people were either out of a job or seeking to find employment for the first time. A further 186,000, primarily in the agricultural sector, were considered to be marginally employed. The total active population is 13.2m.

These are the figures which the Government works from and are accepted as the most accurate by the Communist controlled trades union. Though the Socialist orientated trades union puts the figure as high as 1.2m. The Ministry of Labour, using its own resources, says in its latest estimates, for February, that the unemployment total is 744,702.

The National Statistics Institute uses a sample of 60,000 households and while the model is considered good, there are understood to be certain deficiencies in its operation.

The most disturbing global trend is the steady upward movement of unemployment in the past four years. Since 1974 the number of unemployed as a percentage of the total active population has moved from 1.39 per cent. to over 8 per cent.

The structure of unemployment has remained relatively constant with almost 40 per cent comprising school leavers and graduates in search of their first job. However, the picture has altered slightly with more people coming onto the labour market from industry and the construction sector as a result of the recession.

This trend resulted from a combination of the slowdown of growth since 1973 and last autumn's tough anti-inflationary measures designed to control money supply and hold down wages. The virtual halving of inflation to an annual rate of around 17 per cent by April and the unprecedented level of foreign reserves of $7.3bn have been achieved at the expense of depressed demand and high unemployment.

**The virtual halving of inflation in Spain to an annual rate of around 17 per cent by April and the unprecedented level of foreign reserves of $7.3bn have been achieved at the expense of depressed demand and high unemployment.**

The most immediate problem is that of unemployment benefit. By general consent an unacceptably few unemployed are receiving any form of social security payments. The state-run social security organisation says that in May unemployment benefits were being paid to 444,742 people, which was less than half the total number unemployed. An inadequate social security system makes it difficult, if not impossible, to extend unemployment benefit across the board. In effect all those looking for their first job are excluded. Workers often find that they are not covered because companies have fallen into arrears with their social security contributions. Moreover, the social security budget has until now had insufficient funds to provide comprehensive unemployment benefits.

As part of the Moncloa Pact—the package of political and economic measures agreed by Government and opposition last October—the system is being radically overhauled. There is also a draft law before parliament, drawn up by the Socialists in co-operation with the UGT, to cope with unemployment. It envisages a substantial improvement of both the amounts of the benefits for the unemployed and the extent of cover. The Socialists say that it would create cost of extra Pta112bn (£760m) a year to be met as to two thirds by increased contributions from employers and workers and one third from the Treasury. The Ministry of Labour says the net cost would be nearer twice as much.

The Socialist draft proposal allows for payment of 80 per cent of basic wages for an initial period of a year for those who lose their job after having paid social security contributions for six months. Those looking for their first job will be entitled to benefit three months after registering at a labour exchange. The proposal offers the first full legal definition of unemployment that Spain has known. If approved it will be an important step towards introducing the idea of a welfare state, and for this reason the proposal is likely to be controversial within parliament.

In tackling unemployment the authorities will have to focus on four main issues — the regional imbalance in Spain, the particular problems of individual sectors like shipbuilding or agricultural labour in the South, the ability of the labour market to cater to shool leavers, and finally the need to increase the proportion of women in the labour force. Regional imbalance is arguably the most important, for unemployment is at its worst in precisely those areas where economic development is least advanced. For instance, parts of Andalucia, like Cadiz, Malaga, and Seville, have jobless unemployment ratios ranging between 14 to almost 16 per cent—almost double the national average.

These areas moreover, without the former safety valve of emigrant work elsewhere in Europe, suffer far more in a recession. Excess labour in the South has been the main dynamic behind internal migration to the more prosperous areas, supplying the bulk of cheap industrial labour, especially in the construction sector. When, as now, construction activity falls in Barcelona and Madrid, immigrant labour is the first to be squeezed. There is a note of urgency about dealing with unemployment in the South since opinion could easily become radical there.

The Government appears to be in a dilemma. With the question of regional autonomy still unresolved until the new constitution is approved, the granting of special regional aid packages is not easy. The Government would also like to devolve more responsibility for local employment to the municipalities. Yet this can only happen once the municipal elections have been held, and they are not due before the end of the year.

Added to this there are economic considerations attached to a mild reflation which any significant job creation initiatives must entail. Unemployment and the spectre of unemployment has been the chief weapon which the Government has used to impose its 22 per cent ceiling on wage rises for 1978. Almost certainly that ceiling will have to be substantially lower next year—probably halved if Spain is to continue to control inflation and prepare for recovery.

In other words the Government has to weigh the social and political consequences of allowing unemployment to follow market forces, as it does at the moment, against the prospect of restarting the inflationary spiral. There will be a temporary respite during the coming summer months as seasonal employment and the construction sector picks up. But in the autumn there will be a new crop of school leavers and projections of 1 per cent economic growth do not allow much hope even for a halt to the overall rise of unemployment.

# Bomb hits Rome's lighting

BY PAUL BETTS

ROME, June 14.

THE DAY-TO-DAY reality of political violence in Italy has again been forcefully brought to the public's attention when left-wing Red Brigades terrorists bomber and seriously damaged a Rome power station causing a major black-out in several districts of the capital.

The attack came only hours before Sig. Virginio Rognoni, the new Interior Minister, was sworn in today by President Giovanni Leone.

The surprise appointment of Sig. Rognoni, a little-known Christian Democrat politician, up to now Vice-President of the Chamber of Deputies, was announced late last night.

Following the resignation of Sig. Francesco Cossiga after the Moro affair, the sensitive Interior portfolio was taken over on an interim basis by Prime Minister Giulio Andreotti, who during the last few days had been coming under increasing political pressure to nominate Sig. Cossiga's successor.

The Prime Minister is now turning his attention to Italy's economic problems. This follows strong criticism from the Communists for the Administration's delays in enforcing the commonly-agreed economic and social programme to bring the country out of its current crisis.

Economic Ministers, experts from the political parties and trade union leaders are due to meet tomorrow to discuss a further package of measures to reduce public expenditure and reconstruct financially-troubled companies.

# U.S. citizens in Moscow worried by arrest

MOSCOW, June 14.

MISS VIRGINIA OLBRISH, a U.S. embassy secretary engaged to Mr. Francis Jay Crawford, the businessman arrested by Russian police on Monday, visited him at a KGB security jail here today.

Meanwhile members of the American business community, worried by the arrest, consulted U.S. diplomats at a working lunch. "There's a great deal of concern about whether this is the sign of things to come," one of them told reporters afterwards.

Miss Olbrish, who took clothing and other personal effects to the jail today was with Mr. Crawford when police pulled him from his car in the heart of Moscow on Monday evening. He faces smuggling charges for which he could be given up to 10 years in a labour camp.

U.S. officials are known to regard the police action as retaliation for the arrest last month of two Soviet employees at the United Nations. The two have been accused of stealing U.S. military secrets.

Mr. Crawford's arrest is also seen as a symptom of the strains in Soviet-American relations over such issues as human rights and developments in Africa. There is speculation that police were told to act as they did, rather than arresting Mr. Crawford at home or at work, to cause the maximum shock to U.S. leaders and public.

A few hours before Mr. Crawford was seized the Soviet Government neswpaper complained of anti-Soviet hysteria in the U.S. over recent spying allegations, and said: "we're not scared easily."

Mr. Crawford, aged 34, who has worked here for two years for International Harvester, is understood to be denying the charges. Another U.S. businessman, who asked not to be named, said he and his colleagues were told by their embassy to "keep our noses clean."

Reuter

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OVERSEAS NEWS

# Israelis to press UN over guerrilla pledge

BY DAVID LENNON TEL AVIV, June 14.

ISRAEL intends to apply strong pressure on the UN to keep Palestinian guerrillas out of south Lebanon, from where it finally withdrew its troops yesterday after three months of occupation.

Only hours after the last troops had left Mr. Moshe Dayan, the Foreign Minister, complained that the UN troops had permitted guerrillas to re-enter the areas evacuated earlier by Israel.

Mr. Dayan sent a sharp Note to Dr. Kurt Waldheim, the UN Secretary General, accusing him of failing to keep his pledge that south Lebanon would remain free of Palestinian guerrillas.

The Foreign Minister wrote that "hundreds" of guerrillas were now in the areas formerly occupied by Israel. He criticised the UN peace keeping troops for permitting the Palestine Liberation Organisation (PLO) to send supplies to the men who had infiltrated the UN area. He noted that certain units of the UN interim force in Lebanon (Unifil) even had PLO liasion men attached to them.

Israel believes that about 350 guerrillas have entered the areas which Israel handed over to the UN during earlier stages of the withdrawal.

Knesset members drawing up a balance sheet for the three-month operation Litani said that on the positive side was the destruction of the Palestinian bases in the area, the introduction of the UN troops robbing the guerrillas of the freedom to operate openly, and the creation of a strip along the border policed by the Israeli-backed Christian militia.

On the negative side they see the inability of the UN troops to control completely the area, and the fact that the UN now negotiates with Mr. Yasser Arafat, the PLO chairman, as an equal. Many also feel that the presence of the UN troops will inhibit any future Israel strike into south Lebanon.

Meanwhile, Mr. Menahem Begin, the Israeli Prime Minister, who has been in poor health for some time, has decided to "take a vacation at home" for a few days, according to his aides.

Mr. Begin resumed public activity 10 days ago after spending nearly two weeks at home. He was suffering from "a high temperature and fatigue," according to the Cabinet Secretary.

His doctors have denied the Prime Minister is seriously ill.

# Row over Christians' role

BY IHSAN HIJAZI BEIRUT, June 14.

LEBANON TODAY informed the United Nations that Major Saad Haddad, commander of the right-wing Christian militia in southern Lebanon, does not legitimately represent the Lebanese authorities.

But confusion remains and at the UN headquarters in New York, Dr. Kurt Waldheim, the UN Secretary-General, said Major Haddad had been provisionally recognised by the Lebanese Government as de facto commander of the Lebanese forces in his area.

The Lebanese Government's position was explained at a meeting between President Elias Sankis and Lt.-General Ensio Siilasvuo, the chief co-ordinator of UN peace mission in the Middle East.

General Siilasvuo arrived here from Jerusalem at the request of the Government after the argument which has arisen over statements by Major-General Emmanuel Erskine, the Ghanian Commander of UN interim forces in Lebanon.

General Erskine told reporters at Nakoura yesterday that his understanding was that Major Haddad represented the Lebanese authorities in the border area with Israel. The Lebanese Government has issued a strong denial of this.

Withdrawing Israeli troops yesterday turned their positions over to Major Haddad and his men, and told Unifil to deal with him directly.

Major Haddad declared that UN troops will be allowed in the area only with his permission.

The government has not publicly stated its stand towards Major Haddad. General Khoury the commander of the army, has sent instructions to Major Haddad that he and his men should confine themselves to barracks, and let the UN troops deal with security matters in the border strip pending the arrival soon of new units of the Lebanese army.

# Yen rises further against the dollar

TOKYO, June 14.

THE DOLLAR today closed at Y217 after active trading on the Tokyo foreign exchange market —down 35 points from yesterday's closing price.

However, the U.S. unit was trading well above the rock bottom level of Y216.20 it touched at one point here yesterday. Despite today's relative recovery, dealers said they expected the dollar to plunge still further after the forthcoming publication of Japan's May trade figures.

The figures are expected to show a continuing increase in Japan's already huge trade surplus with the rest of the world. The Japanese surplus and the U.S. trade deficit to which it has contributed, has been one of the fundamental factors behind the fall in the value of the dollar.

The dollar today in fact closed 10 points up on its opening price of Y216.90 in Tokyo, but today's final price of Y217 is still its lowest ever closing level on the Tokyo exchange. Since Monday the dollar's bottom prices have been spiralling downwards as foreign exchange markets open and close around the world.
Reuter

# Carter-Desai talks finish

WASHINGTON, June 14.

PRESIDENT CARTER and Indian Prime Minister Morarji Desai ended two days of talks to-day without resolving differences over nuclear policy.

U.S. officials said the Prime Minister was still refusing to accept safeguards stipulated in a new American law for nuclear power plants as a condition for the sale of U.S. enriched uranium to other countries.

"We are hopeful that in the next 18 to 24 months there will be a basis for India to accept full-scope safeguards," one official said.

A White House statement said Mr. Carter and the 82-year-old Indian leader discussed Soviet-American negotiations for a strategic arms limitation agreement, Africa and South-east Asia.

"The President expressed his support for Prime Minister Desai's concept of genuine non-alignment," it said.

A joint communique was to be issued tomorrow.

Earlier in a speech to the national press club, Mr. Desai said the nuclear powers could not expect countries such as India to accept rigid nuclear safeguards while remaining free to expand their own arsenals.
Reuter

THE SECOND ANNIVERSARY OF SOWETO

# Black movements: destroyed or underground

BY QUENTIN PEEL IN JOHANNESBURG

"SOME of the whites are living here in town as if they were living overseas." Those are the words of a black church worker who lives in the black township complex of Port Elizabeth, an ugly industrial city on the South African coast, which boasts to be the motor industry capital of the country. In the past year the city, or to be exact its black townships, has won the dubious distinction of being the principal centre of urban black unrest, and security police activity, in South Africa. Yet the white population of Port Elizabeth, and of the rest of South Africa, scarcely know anything of it.

The same words could apply to virtually any of South Africa's divided cities. Johannesburg and Soweto, Cape Town and Langa or Guguletu, Pretoria and Atteridgeville or Mamelodi, Durban and Kwamashu. On the eve of the second anniversary of the outbreak of riots in Soweto, the white population of South Africa knows less about what is going on in those neighbouring black communities than it did pre-1976.

The past year has been characterised primarily by the massive security clampdown on black political activity, which reached a climax on October 19 with the banning of 18 black consciousness organisations and the detention of dozens of prominent black leaders. There has been a continuous stream of security trials through the courts—more than 60 currently under way, and a further 60 still pending.

In the past month, the police have suddenly launched a further *massive security operation*. More than 3,000 blacks have been detained at roadblocks set up in major townships throughout the country—most simply for "pass" offences, not carrying their identity document. Security police have also detained some 30 political activists, including black journalists and church workers, under the security laws. The actions follow a statement by the new police commissioner, General Mike Geldenhuys, that security police are taking the "necessary steps" to prevent any violence on June 16, the Soweto anniversary.

A rash of police pronouncements has done little to clear up the confusion. On the one hand senior officers claim to have the whole situation under control. On the other they warn of "4,000 urban terrorists" in training outside the country, and large numbers who have been picked up coming back into South Africa armed with Soviet-made weapons and explosives. The blanket nature of their current operation would appear to belie their confidence. But on the surface, at least, the massive security response to urban unrest would appear to have brought it under control.

The question is to what extent the banning of organised black political protest has destroyed the movement or just forced its organisations underground. If organisations do still exist, how well organised are they? Certainly there has been no opportunity to reorganise openly. Of the two attempts made in Soweto —the Soweto Action Committee and the Azania People's Organisation (AZAPO)—both have lost virtually their entire leadership *in the latest detentions*. Little has been heard of the Soweto Students' League, which is supposed to have replaced the Soweto Students Representative Council. Most black children have returned to school after two years of intermittent boycotts. Disturbances have largely died down. New community councils, established by the government to grant a strictly limited measure of political responsibility to urban blacks, have been established in more than 90 locations.

There are widespread hopes that this year's commemoration of the slaughter of schoolchildren which occurred in June 1976 will be peaceful. Only church services are planned, while students have called for all sports fixtures and entertainment to be called off over the weekend. But close observers fear that the situation remains totally unpredictable. In the first place they fear that the police activity could spark off exactly the sort of violence it is supposed to defuse. While they have promised to allow the church services to go ahead, they have warned that no demonstrations will be allowed on the streets. Although the police in Soweto have learned to use anti-riot equipment, this is not so in most other parts of the country.

More fundamentally, however, the grievances of South Africa's urban blacks have changed little in the past two years. "Nothing has changed for the better," says a pamphlet which appeared in Soweto a week ago. "Our leaders are detained, imprisoned, or banned, while the system boasts that there is peace, law and order. Our schools are open, *but the abominable system of* Bantu education is still being forced down our throats . . . empty promises have been made about houses and work, but rents are increasing, unemployment is rising, sales tax is going to hit us, people are going hungry."

Although most children have returned to school, many have


not. In Soweto there are little more than 14,000 in secondary schools, compared with 28,000 last year, and more than 34,000 before the riots. In Port Elizabeth's New Brighton township, the official figures say only 29,000 out of 38,000 returned. "It isn't calm. They are simply going underground," according to one former teacher. The concessions made by the Government simply highlight the continuing limitations: leasehold rights, but *no* freehold; community councils, but *no* finances; free school books, but supplies are already exhausted.

At the time of the first anniversary of the Soweto riots last year, *it was not in Soweto itself* that trouble broke out, but in Port Elizabeth and neighbouring Uitenhage, leaving 10 dead—eight from gunshot wounds, and two burned to death. It was Port Elizabeth again which blew up after the funeral of Mr. Steve Biko, the black consciousness leader.

According to Brigadier C. F. Zietsman, head of the security police, 1,400 people had been brought to court in Port Elizabeth charged with offences connected with the unrest between June 1976 and April this year. That was more than half the national total of 2,500.

Perhaps the most dramatic example of the radicalisation is the extent to which Steve Biko has become a symbol of the struggle to the school students. It was *only* after his funeral that the disturbances really came to a head in Port Elizabeth, although the area has always been a centre of political activity. Now he has been written into a prayer. "I believe in Steve Biko, who has black power, the creator of the Black People's Convention and the South African Students Organisation, and in Samora, his only son. He was conceived by the spirit of black power. He was born of a maiden Alice. He suffered under Jimmy Kruger. He died and was buried. After five months he was followed by Robert Sobukwe, who is seated at the right hand of Steve Biko with the power of black power. He will come from there to judge the Boers, both living and dead. I believe in the spirit of black power, in the Government which has *no* discrimination, and in all the different nations, because South Africa belongs to all of us. Power is ours."

# Sino-Japan talks in final stage

BY CHARLES SMITH TOKYO, June 14.

CHINA today apparently accepted a Japanese proposal for the start of final negotiations on a Sino-Japanese Peace and Friendship Treaty. The acceptance was conveyed to a Japanese Embassy official in Peking by the Deputy Director of the Asian Affairs Department of the Chinese Foreign Ministry.

Japan made its formal proposal for the resumption of treaty negotiations in late May following several months of internal deliberations during which the leaders of the ruling Liberal Democratic Party had been attempting to build a consensus in favour of restarting the negotiations.

The main obstacle has been objections from the Right wing of the LDP which favours close relations with Taiwan.

Another problem centred on the Chinese proposal for an "anti-hegemony" clause which is seen in some quarters as an attempt to align Japan on China's side of the Sino-Soviet dispute.

The delayed Chinese response to Japan's proposal for treaty talks was causing mild concern here early this week.

Japan appears to have been planning to recall its Ambassador in Peking for consultations in Tokyo if the Chinese reply had not been forthcoming.

Now that the Chinese have agreed to start talking, conclusion of a negotiation is expected to be rapid. It would seem that most of the major issues involved have been settled in informal contacts between the two sides.

The Peace and Friendship Treaty is the last in the series of bi-lateral agreements to which China and Japan committed themselves when normalisation of diplomatic relations took place in 1972.

The main purpose of the treaty appears to be to solve the diplomatic problems created by the existence of a previous peace treaty between Japan and the nationalist Chinese on Taiwan.

Japan was unwilling to abrogate this and thus accepted the compromise *formula* of an additional Peace and Friendship Treaty to be signed with China.

# No progress on Rhodesia

BY OUR OWN CORRESPONDENT SALISBURY, June 14.

BRITISH AND American envoys fly out of here tomorrow empty-handed after nine days of intensive discussions aimed at persuading Rhodesia's transitional Government to attend an all-party settlement conference with externally-based guerrilla leaders.

Mr. John Graham, the British Foreign Office Under-Secretary, and Mr. Stephen Low, the U.S. Ambassador to Zambia, leave without having gained the acceptance of the transitional Government for the Anglo-American conference plan.

Sources close to the transitional Government said the envoys had brought no new proposals and the Administration found no reason to change its attitude.

But the transitional Government welcomed the dialogue and exchange of views with the British and American Governments, the sources added.

One government official said: "The British and Americans appear to feel they have a duty and must make it look to the outside world that they are doing something, when in fact they are doing nothing at all."

Mr. Graham and Mr. Low have shunned publicity while in Rhodesia and have largely kept their movements and discussions secret.

The envoys intend to push ahead with their shuttle, travelling to Mozambique tomorrow night to meet Mr. Mugabe and then on to Tanzania, Zambia—where they hope to see Mr. Nkomo—and possibly Malawi, South Africa and Botswana before returning to Salisbury next Tuesday or Wednesday.

# Filling station ban on refiners upheld by Supreme Court

BY JUREK MARTIN WASHINGTON, June 14.

THE SUPREME COURT may well have set in train today a course of events that could alter the face of petrol retailing in the United States, even to the point of leading to the effective divestiture of the direct marketing operations of the major oil producing and refining companies.

The court today upheld a Maryland state law which specifically prohibits oil producers and refiners from directly operating their own retail filling stations in the state.

The Maryland law was enacted after the 1973 Arab oil embargo when a state commission found that company-operated service stations were getting all the petrol they needed while independent dealers were being denied supplies.

The major oil companies, led by Exxon, Shell, Gulf, Ashland and Conoco, took legal action against the law but were defeated in the State Court of Appeals. After today's action by the Supreme Court, Exxon issued a statement expressing disappointment at the court's verdict and saying that it would lead to higher costs to the consumers.

Only the District of Columbia has legislation similar to that in Maryland. But both Delaware and Virginia has started moves in the same direction and a number of other states have expressed interest in such a law. It will now be up to the individual state legislatures to take the necessary action, which will inevitably be a time-consuming and uncertain process.

Nevertheless, the Supreme Court opinion made it clear that, irrespective of whether such laws made economic sense or not, the primacy of the states in this area could not be doubted. Justice John Paul Stevens, writing the majority opinion, said: "In the absence of a relevant congressional declaration of policy or a showing of a specific discrimination against or burdening of inter-state commerce, we cannot conclude that the states are without power to regulate."

In Maryland the oil companies will be obliged to divest themselves of about 250 directly owned petrol stations, carrying, according to the state, a net worth of about $18m. Altogether there are some 3,800 petrol stations in Maryland.

Nationally, company stations comprise less than 10 per cent of all service stations. According to the American Petroleum Institute there are about 16,000 such stations out of a national total of 184,000.

Congress has long threatened to sink its teeth into the thorny question of oil company divestiture but has yet to take substantive action. Both House and Senate have passed the Petroleum Marketing Practices Bill, but this is more designed to protect franchise operators in their relations with the producing companies.

The most common form of petrol station operation is that owned by independent dealers, who buy from one or many of the oil companies and sell petrol under the well-known corporate brand names. Generally speaking, company-owned stations have sold petrol more cheaply than their independent counterparts.

In opposing the Maryland law, the oil companies had argued that smaller refiners would be most affected, since they would be unable to enjoy direct outlets for their product and would find themselves at the mercy of local independent dealers.

# Carter discounts Castro denial of involvement in Zaire invasion

BY OUR OWN CORRESPONDENT WASHINGTON, June 14.

PRESIDENT CARTER told a news conference today that the U.S. has "firm proof" that Cuba helped train the Katangan forces, that invaded Zaire last month, but said he had no desire to get into a public debate with President Fidel Castro of Cuba on the subject.

He said he planned no "retaliatory action" against Cuba nor did the U.S. intend to become further involved in Zaire or in any pan-African intervention force. He went out of his way to reassure President Julius Nyerere of Tanzania who has been critical of the U.S. reaction to reported Cuban involvement.

Mr. Carter was responding to President Castro's statement on Tuesday that Cuba had not been involved in the invasion and that U.S. statements to the contrary were lies "manufactured" by Dr. Zbignew Brzezinski, the President's national security adviser, and others.

"The fact is that Mr. Castro could have done much more if he genuinely wanted to stop the invasion," Mr. Carter said.

The Washington air is currently thick with information from sources who cannot be named but whose information, according to other informed sources inside the Administration, proves that the U.S. is telling the truth. Some of these officials provided more evidence to bolster their case at a White House briefing last night, but there is no independent way to verify what was said.

According to reports of their briefing last night, these officials said that in March last year the first invasion of Shaba Cubans and East Germans were province in Zaire was planned and prepared in "close co-ordination" with Cuban and Angolan troops using arms from Cuban and Angolan stockpiles.

Last summer, these officials continued, Cuban units were training Katangans in at least five locations and planning for the May incursion began as long ago as June, 1977. Both involved with some 5,500 Katangans in Angola in August of last year.

Further, these officials said U.S. intelligence suggests that Cuban troops accompanied the Katangans as far as the Zambian border before the May invasion. The Katangans had to cross through a small part of Zambia before entering Zaire.

# Brzezinski: voice in disharmony

BY DAVID BELL IN WASHINGTON

EARLY EACH morning, when most of Washington is still asleep, a chauffeur-driven car delivers Dr. Zbigniew Brzezinski, President Carter's national security adviser, to the White House.

And each morning his first job of the day is to brief the President on the events of the past 24 hours with the aid of a briefing book prepared overnight by a small team from the National Security Council over which he presides.

It is a task that Zbig, as he is often known for short, rarely cedes to anyone else. In a city where access to the President means power, these daily half-hour briefings are something of a symbol of his close relationship with Mr. Carter. So, incidentally, is the car—all the President's other senior aides have to drive themselves to work.

It is a relationship which, for the moment at least, is preoccupying much of Washington. Zbig is credited with having bent the President's ear over Africa and over the link between Soviet and Cuban activities there and the strategic arms talks.

Yesterday, President Fidel Castro of Cuba singled out Dr. Brzezinski and accused him of "manufacturing" lies about Cuban involvement in Zaire. By contrast he paid heavily qualified compliments to both Mr. Cyrus Vance, the Secretary of State, and President Carter.

The Soviet Union has been attacking Zbig for months, charging him with resurrecting cold war attitudes and deliberately trying to sabotage detente and the SALT talks. In the past few weeks the attacks on him have become more strident and Russian commentators have claimed to identify his hand in all the tougher parts of the President's recent speeches.

The attacks have not just come from the East. The Jewish lobby has been arguing since the Administration took office that its new found support for moderate Arabs and its increasing irritation with Israel was also a reflection of Zbigs success in persuading the President to listen to his views.

Inevitably Dr. Brzezinski's recent prominence brings to mind his predecessor, Dr. Henry Kissinger He, too, began his public career as National Security adviser, working with Mr. William Rogers, a pleasant but mild-mannered Secretary of State; 18 months into the first Nixon Administration the friction was clear between Rogers and Kissinger. Eventually, Mr. Rogers was pushed aside and Dr. Kissinger became Secretary of State.

Eighteen months into the Carter Administration it is tempting to draw the parallel. But it would probably be misleading. At the start of his Administration, Mr. Carter said that he favoured a "collegial" approach to foreign policy-making. Out of this grew a sort of triumvirate—Mr. Vancae, Dr. Brzezinski, and Mr. Andrew Young, Ambassador to the UN.

Since then this group has expanded to include Vice President Mondale, Dr. Harold Brown, the Defence Secretary, and Mr. Hamilton Jordan, Mr. Carter's chief aide, who now has special responsibility for the domestic implications of foreign policy.

Last week's speech by Mr. Carter, which was supposed to clarify his policy, clearly bore the imprint of each of these men. It was in turn tough and conciliatory, reflecting the disagreements within the Administration about how to deal with the complex challenges presented by the Soviet Union. Interestingly enough, the whole speech was written in longhand by Mr. Carter himself, and it left the clear impression that the President has still not really made up his mind about how to respond to Soviet and Cuban activities in Africa and elsewhere.

Zbig's critics—and there are many of them in Washington—charge that he has taken advantage of this Presidential indecision—or vacuum—and has pushed the Administration's centre of gravity to the Right. They distrust the way he has flaunted his recent trip to China in the face of the Soviet Union, and were disturbed by his hint in an interview that he favoured sending a naval task force to the Horn of Africa.

But more than anything else, they have been irritated by the interview that he gave on television soon after his return from Peking. In this he used strong language to denounce Soviet and Cuban adventurism and seemed deliberately to be raising the temperature of the relationship at a time when more subtlety might have been more appropriate.

These same critics say that Zbig knows too little about the complexities of African affairs—and the differences between countries—to be allowed to play such a public role in Africa policy. They believe, in short, that he has over-reacted to Soviet actions and driven the President into a corner where he has little alternative but to "play it tough." Zbig himself said in a recent interview that one of his roles was "to stiffen the back of the Administration."

Yet in practice Zbig is not filling the vacuum to anything like the extent that some of his critics charge, and it is highly probable that he would not want to. He remains a close personal friend of Mr. Vance in spite of the clear policy differences between State Department and the National Security Council.

Zbig himself says that the differences between him and the rest of the Administration are mostly a matter of degree. He strongly supports detente, and wants a new arms control agreement. But he also believes that the U.S., with the trauma of Vietnam behind it, is now in a strong position to challenge the Soviet Union ideologically.

# Energy price-rise urged

BY OUR OWN CORRESPONDENT WASHINGTON, June 14.

THE WORLD'S major industrialised countries should sharply increase energy prices so as to encourage conservation and development of alternative sources of supply, according to a report issued here under the auspices of the Trilateral Commission, the influential private group which seeks to promote closer co-operation between the U.S., Europe, and Japan. It adds that current known oil supplies are probably adequate to meet demand for several years and possibly into the early 1990s.

The Commission's report has to be seen in the context of the debate over the adequacy, or otherwise, of existing fossil fuel reserves. The U.S. Administration has tended to argue that shortages are not far over the horizon, while industry studies have contended otherwise, providing that the oil companies are permitted more aggressive exploration and exploitation.

The basic message of the Trilateral Commission's report is that the apparent energy sufficiency of the mid-term future may turn out to be a mixed blessing because of its deterrent to conservation and the development of alternative energy supplies.

The report, whose principal author, Mr. John Sawhill, is a former U.S. Federal Energy Administrator, calls for higher oil prices in Europe, North America and Japan with the U.S. adopting a much higher federal excise tax on petrol.

It recommends a trilateral energy summit to co-ordinate pricing policies and also to work out a joint approach to the Soviet Union with a view to greater co-operation on energy technology and capital investment.

The report says that over the next five years the principal danger to oil supplies will come from war or terrorism. Over the mid-term, the subsequent five years, financial crises may ensue, with many developing countries being unable to pay for their oil imports and with the U.S., unless it curbs its dependence on foreign oil, facing possible financial trouble.

exacerbated over the longer term, the report says, if oil prices rise precipitately as production begins to decline. Such a shock might be more than the adjustment processes of the global economy could handle.

"Decisive action now (on the pricing front) would reduce the risks associated with another oil shock," the report concludes, "but five more years of indecisiveness would increase ... the likelihood of major disruptions to the world political and economic systems."

# Citibank warning of new credit crunch ahead

BY STEWART FLEMING NEW YORK, June 14.

A WARNING that the U.S. is heading for another credit crunch because of surging loan demand from corporations and households was issued to-day by Citibank, the second largest U.S. commercial bank.

In its monthly economic letter the bank says that for the commercial banks the current period is reminiscent of the classic booms of 1966, 1969 and 1973-74.

The bank says that the rate of growth of outstanding short and intermediate debt is proceeding at a frantic pace. It points out that bank loans which declined in absolute terms in 1975 and increased by only $2bn in 1976 grew at an annual rate of $47bn in the first quarter of the year after increasing by $21bn in 1977.

Economists have tended to underestimate the growth of bank credit because little expansion has been seen in lending at the New York banks. But elsewhere in the country bank loan demand is soaring.

There has been growing concern in the financial markets about the impact of strong loan demand from consumers, the Federal Government and businesses on interest rates and fears that strong credit demands would exert further upward pressure on rates.

Citibank warns that the current expansion will come to an end an suggests that on the evidence of history this will happen when the Federal Reserve Board reins in credit "vigorously and consistently" in response to an acceleration of inflation.

While not forecasting when this might happen—Wall Street forecasts vary from the end of this year to as late as 1981—the bank says that the longer the Federal Reserve remains stimulative the more dramatic the ensuing down-turn in credit demand will be.

# Singer blow to New York city

By John Wyles

NEW YORK, June 14.

THE SINGER company, which has been based in New York city since 1853, has dealt a blow to hopes that the steady exodus of companies moving their headquarters out of New York City had been halted.

Although the departure rate seems to have eased in the last two or three years, Singer's surprise decision to leave New York announced yesterday demonstrates that lower taxes and a better working environment are still a powerful lure for many cost-conscious corporations.

Singer plans to move to Stamford, Connecticut in 1979 where it says it will achieve substantial savings on operating costs, most notably $250,000 a year which it is paying the city in rent and occupancy taxes on its headquarters at Rockefeller Plaza, Manhattan.

# Strike fails to halt the News

By Our Own Correspondent

NEW YORK, June 14.

THE NEW YORK Daily News achieved a lower than normal distribution of a 64-page newspaper this morning in spite of a strike by 1,340 staff.

Journalists and commercial staff went on strike yesterday afternoon with the expiry of a strike deadline. They have been working since March 30 without a new pay contract and negotiations yesterday remained deadlocked over a number of issues stemming mostly from the management's desire to cut production costs.

Eight of the ten craft unions at the Daily News have pledged to support the Newspaper Guild, which represents the strikers, but the manegement is still confident that a small staff of non-union members and managers will be able to produce a newspaper again today.

WORLD TRADE NEWS

# Carter's task force hopes to broaden Exim range

BY JUREK MARTIN WASHINGTON, June 14.

THE SPECIAL interagency task force convened to devise ways of stimulating sluggish American exports is expected to present its report to President Carter within the next week.

The task force, headed by Mrs. Juanita Kreps, the Secretary of Commerce, was created by the President earlier this year in the face of the growing U.S. trade deficit. Over the first four months of the year, the U.S. incurred a deficit of $12.5bn, nearly $5bn up on the record pace achieved in the same period of 1977.

While the key reasons for the shortfall are essentially macro-economic—the level of U.S. oil imports and growth differentials between the U.S. and its major trading partners—a consistently disturbing figure has been the extremely modest advance of exports. The 5 per cent increase achieved so far this year, compared with last year's returns, is less than half the 12 per cent rise in imports, and has given strength to the popular belief that American competitivity in world markets has been sorely weakened in recent years.

The task force is known to be considering a number of broad lines of action. Heading this list are:

● Expanding and liberalising the activities of the Export-Import Bank. So far this year, under the more aggressive leadership of Mr. John Moore, an old Georgian associate of the President, export loans approved by the Eximbank have quadrupled, and the Administration has already asked Congress to increase the Agency's lending authorisation to $40bn from its current $25bn ceiling.

It is thought possible that the task force will recommend that the Eximbank be empowered to finance not only foreign buyers of U.S. goods, as at present, but also export-oriented plant and equipment expenditure in the U.S.

● New tax breaks and incentives for exporting companies with a particular intention of encouraging companies which have to date ignored the export market to enter it. Companies may, it is speculated, be given credits for establishing foreign sales offices and be given faster depreciation on export capital investments.

The underlying feeling is that the export trade is still too dominated by the major multi-national companies. At a special seminar in Pennsylvania yesterday, one of a series being held across the country, the acting president of the Overseas Private Investment Corporation (OPIC) told a group of executives from small and minority owned firms that "the nation's international business is too important to leave to big business alone."

The Administration would still like to phase out the use of DISCS—the domestic international sales corporations device—on the grounds that only the major multinational companies avail themselves of the opportunities provided and at a cost to the government which is not justified by the returns in increased exports. But it is also accepted that, in the light of the trade deficit and powerful lobbying pressures being exerted on Congress, such action is unlikely in the near future.

● Also on the probable task force agenda is an easing of regulatory obstacles to companies wishing to get into the export business, greater government assistance in both product and research and the identification of potentially lucrative markets for U.S. exporters, and perhaps the creation of a global computerised network using U.S. government offices overseas which would be made available to exporting companies.

# New Fraser attack on EEC

BY DAVID WHITE PARIS, June 14.

MR. MALCOLM FRASER, the Australian Prime Minister, said in an interview here that the EEC's response to Australian demands for freer access to its markets had been "totally inadequate."

The Australian case against EEC protectionism on farm products was pressed to-day in talks with various participants of the annual ministerial meeting of the OECD.

Mr. Fraser met Mr. Roy Jenkins, President of the European Commission, and Mr. Oliver Long, the GATT director general, as well as members of the French, Danish and U.S. Governments.

He is also due to discuss the question tomorrow with Mr. Gamani Correa, secretary general of UNCTAD. Following a "not unfruitful" meeting yesterday with M. Raymond Barre, the French Prime Minister, the Australian leader emphasised the importance of the Multilateral Trade Negotiations in Geneva and the forthcoming economic summit in Bonn.

The decisions taken in Bonn and Geneva, he said in an interview with the afternoon newspaper Le Monde, would determine the choice between freer trade and a 30-year retrogression into protectionism.

In the last year, he said by way of example, Australia's wine sales to Europe had fallen by half because of "arbitrary rules by the EEC. It is an inequitable and irresponsible attitude," he said.

Mr. Fraser, who arrived here after talks in London, is due to go on for a meeting with Chancellor Helmut Schmidt in Bonn.

# Britain and Japan agree on computer software exchange

BY MAX WILKINSON

OUTLINE AGREEMENT has now been reached for the sale of British computer programming expertise to Japanese manufacturers to help them expand their share of the U.S. and European markets.

The Computer Services Association, representing 150 software companies in the U.K., is expecting to sign an agreement for exchange of programmes with the Japanese Software Institute by the end of next month.

The link-up is being supported by the Department of Industry and the Japanese Ministry of Trade and Industry.

Mr. Alan Benjamin, director of the Computer Services Association said last night that he hoped the understandings now being reached would lead to sales of up to £60m worth of software a year in the next few years.

The Japanese ambition to move into European markets is indicated by the recent agreement by Siemens of Germany to market Fujitsu's larger computers. Fujitsu also has links with Amdahl in the U.S.

The Computer Services Association has distributed a detailed account of its members' specialities to Japanese computer manufacturers, and it has undertaken to act as a broker between any manufacturer and software companies in the U.K. Its efforts to market British software run parallel to those of the National Enterprise Board which has set up a up a subsidiary called Insac to sell software in the U.S.

The four companies which are co-operating with Insac are all members of the CSA, but as yet Insac itself has not joined, and no formal co-operation between the efforts of the two bodies appears so far to have been considered.

# Dutch dollar risk scheme attracts strong interest

BY CHARLES BATCHELOR AMSTERDAM, June 14.

THE DUTCH Credit Insurance Company (NCM) has improved the cover it gives on export contracts denominated in U.S. dollars. It has reported strong interest for the scheme, which it introduced at the request of exporters and banks.

Banks can obtain cover from the NCM for the payment risks attached to loans granted to the foreign purchaser or his bank on export orders. Any loss on dollar denominated orders will now be met by the NCM at the dollar/guilder rate prevailing on the date the compensation is paid. Normal cover for other currencies, and up to now of dollar risks, is given at the rate prevailing on the expiry date of the insurance contract or on the date of signing of the loan agreement.

The NCM has thus taken over the currency risks inherent in a rise of the dollar against the guilder, it said.

The Credit Insurance Company has contacts with the Export Credit Guarantee Department in the UK which recently introduced a similar scheme, although there is no direct link, according to the spokesman.

Dutch exporters have been pressing for improved aid facilities to stimulate the country's sluggish foreign trade performance.

# Low British content in export to West Germany

FINANCIAL TIMES REPORTER

GOODS BRITAIN bought from West Germany last year were 93 per cent. German manufactured, while products exported there from Britain were only 53 per cent British in origin, according to figures published by the Federal Republic.

The resulting imbalance in added value terms was therefore greater than that apparent from figures for locally-made goods, which showed that British imports last year totalled DM 14.6bn (up 20 per cent on 1976) while sales to the Federal Republic were DM 10.5bn (up 22.5 per cent).

Looking at the total trade between the two countries, however, the picture is reversed: the Germans bought in the U.K. goods valued at DM 20bn and sold to Britain goods valued at DM 15.55 bn.

The imbalance in local manufacture reflects re-sale by Britain of goods originating in the Commonwealth and elsewhere and the importance of Britain — primarily London—as an international trade centre.

The Federal Republic last year maintained its position as Britain's second most important market (only the U.S. is bigger), taking 7.6 per cent of all exports of British products.

Britain ranks as seventh biggest customer with 5.3 per cent of German exports. British sales to the Federal Republic were 4.4 per cent of all German imports, making the country the sixth main supplier.

The way in which British exports to the Federal Republic increased last year reflects growing trade links between two of the bigger members of the EEC and one of the highest growth rates among supplier countries.

British earnings of D-marks are likely to be substantially increased by the heavy spending of German tourists in the British Isles. In 1977 tourists from the Federal Republic spent DM548m more here than British visitors did in Germany. The surplus in 1976 was only DM 405m. There is no doubt that the figure for 1978 will be higher.

Machinery is by far the largest item of West German expenditure at DM 687m), plus another DM 330m for office machinery. In 1977 this was followed by crude oil (DM 646m compared with none in 1975) and cars (DM 615m). Other big items were chemical pre-products, including synthetic materials (DM 474m) and finished chemical products (DM 308m).

Cars were by far the biggest item in Britain's "shopping list" in the Federal Republic—worth DM 2.03bn. Machinery was second with DM 1.6bn (plus office machines valued at DM 398m). Other big items were chemical pre-products, including synthetic materials (DM 869m) and electrical products (DM 736m).

The close economic relations between the two countries also found expression in considerable investment. Between 1976 and 1977, direct investment in Britain by private German companies increased by 7 per cent to DM 2.12bn, making Britain the sixth most important investment country in Europe for private German capital.

Main German investment has been in the oil industry (DM 780m), chemical industry (DM 370m), banking (DM 185m) and insurance (DM 183m).

Britain, however, is still a much greater investor in the Federal Republic, ranking as fourth largest overall. Here, too, the investments are spread over a large number and variety of concerns, but those that have attracted most British capital are holding companies (DM 1.3bn), oil processing (DM 737m), mechanical engineering (DM 375m), chemical industry (DM 344m) and banking (DM 322m). British holdings in Germany totalled DM 4.77bn in 1977, an increased 8 per cent during the year.

# Nepal-India hydro project

BY OUR OWN CORRESPONDENT KATHMANDU, June 14.

WITH THE signing of an agreement between Nepal and India for the construction of the $35m Devighat hydropower project, Nepal has taken another step towards its aim of fully tapping the vast hydropower resources of the Himalayas.

Nepal's powerful rivers, which drop from 12,500 to 700 ft altitude in less than 100 miles, carrying millions of tons of water into the Ganges river system each year, hold 83,000 MW estimated power potential or the installed hydro-power capacity of Canada, the U.S. and Mexico together, according to experts here. Of that, Nepal utilises 67 MW.

Previously India, who over the past 25 years has been Nepal's largest aid donor, built the 18 MW Trisuli hydroelectric project upstream from the proposed site of Devighat. When it is finished in five years Devighat will use the tailrace waters of the Trisuli plant to provide 14 MW of power to Nepal's growing industrial sector.

Altogether, Devighat and the 60 MW Kuhlekhani project (now under construction directly south of the capital, Kathmandu) will more than double Nepal's installed power capacity within the next half decade.

Yet in terms of national and regional importance, Devighat and even Kuhlekhani are overshadowed by the massive 3,600 MW Karnali and the 1,200 MW Pancheswor projects now being discussed by Indian and Nepalese officials.

# Jordan aims to be technology centre

BY RAMI G. KHOURI IN AMMAN

THE PROPOSAL by Jordan's Crown Prince Hassan last week that a Euro-Arab centre for the transfer of technology be established in Amman may at first appear to be the whimsical suggestion of a very Western-oriented and technocratic-thinking Arab—an assessment which would be unfair.

The suggestion, made by Prince Hassan at the second Arab-European Business Co-operation Symposium in Montreux, Switzerland, is in fact the latest in a more or less studied series of initiatives designed to offer Jordan as a natural commercial gateway into the vast Middle East market, as well as something of an indigenous Arab centre for science and technology serving the Eastern Mediterranean and Arabian Peninsular countries.

Prince Hassan, 31-year-old younger brother of King Hussein, specifically proposed the establishment of "a Euro-Arab centre for appropriate technology," the function of which he outlined as being a focal point receiving specific requests and providing proper answers regarding the transfer of appropriate technology, and a source of making financial arrangements "to lubricate the necessary technological transfers."

Prince Hassan's and Jordan's new-found fascination with the whole question of the transfer of technology is very much the child of necessity and circumstance, and initiatives such as this are Jordan's attempt to forge a regional niche for itself instead of always being buffeted by the economic forces that blow all around it.

While it has no oil wealth, Jordan does enjoy a well-educated and technically trained population. This has led to a high regional demand for Jordanian workers, to the point where nearly 300,000 Jordanians now work outside the country, and the domestic workforce of only 400,000 is insufficient to fill all jobs in the booming Jordanian economy.

The fact that the domestic workforce is well educated, coupled with recent labour shortages, has led to an instinctive leaning towards capital-intensive and technologically advanced industries that require relatively less labour than would otherwise be needed.

The centrepiece of the country's dash into its institutionalised technological aspirations is the "Royal Scientific Society," established in 1971 on Prince Hassan's initiative to provide a focal point for the country's scattered researchers and technicians. The RSS, under the leadership of its present Director-General, Dr. Albert Butros, has become more aggressive in seeking out the practical problems of hundreds of small-scale industries which it can tackle and often solve, given its greater resources, and the lack of any real research and development programmes among private or public institutions.

Jordan has woken up to the fact during the past three years that its potential in the context of the socio-economic development of the Middle East is significant. It is the potential that it is now setting out to translate into fact, and the country's role as a "technological service centre" as both Prince Hassan and Dr. Butros put it, is central to Jordan's future self-image.

The provision of trained manpower to its nearby Arab neighbours is the most obvious of Jordan's roles—so obvious, in fact, that the country has tried, so far unsuccessfully, to receive financial compensation for the costs it incurs in providing this skilled labour.

The drive to use more sophisticated technology in manufacturing industries geared to regional markets is the next step in Jordan's efforts. The ongoing establishment of four new free zones throughout the country is the lynchpin to attracting foreign investments for joint ventures in manufacturing, though many wholly-owned Jordanian industries have already established themselves outside the free zones and are already selling to markets next door.

Transport is emerging as a key pillar of Jordan's regional role. The state airline Alia has successfully introduced non-stop flights using Boeing Jumbo jets between Amman and New York, and is attracting freight and passenger business which uses Amman as the transit point for other Middle Eastern destinations.

The expansion of Aqaba Port and the new Amman Airport, both of which will be completed within two years, will only increase Jordan's capabilities in this area, and the construction of cold storage facilities at Aqaba—which the Australians are considering as a regional depot for their meat sales to the Arab world—will further prove the viability of the Jordanian planners' ideas for their country.

The more rapid movement of educated women into the workforce (fewer women emigrate than men) and the fact that over 40,000 Jordanians in universities abroad, should give the country the human raw material required to play its technology oriented role.

The fact that the scientists and engineers are Arabs makes them that much more valuable in the regional context and the proposal by Crown Prince Hassan last week for the establishment of a Euro-Arab centre for the transfer of technology thus takes on a much broader and more realistic Pan-Arab colouring if the centre is established in Amman.

The entry into service of some new free zones and the completion of some vital infrastructural schemes gives Jordan for the first time ever the facilities that any regional centre requires, be it centred on banking, manufacturing or anything else. The Jordanians are not used to being able to offer themselves as a functional entity of practical value to the international business community. They will probably be a bit clumsy in their initial self-promotion, but the fact that they are now proposing themselves as a centre for the transfer of technology between Europe and the Arab world is testament to a latent economic potential which is on the verge of being tested in a serious manner for the first time in the country's history.

# THE NEW LANCIA GAMMA. CATCH ONE IF YOU CAN.

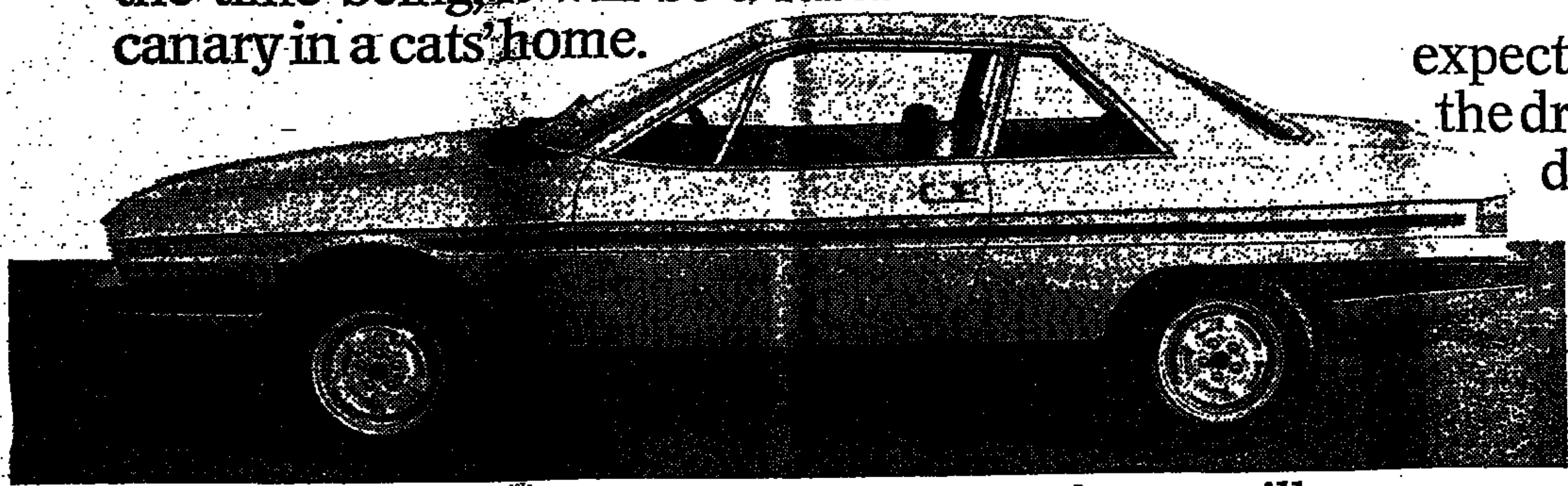

Lancia Gamma Berlina £7,135·83*

The new Lancia Gamma Gran Turismo isn't quite the fastest thing on four wheels.

A handful of very expensive cars will, we confess, comfortably exceed its maximum speed.

Nor does the new Gamma have the most astounding acceleration money can buy. Certain Ferraris, Porsches and such would, we admit, beat it from a standing start.

It's just that pre-launch demand for the new Lancia flagship has been so great that, for the time being, it will be a rarer bird than a canary in a cats' home.



In fact, no more than 400 Gran Turismos will appear on British roads over the next year. Gamma Berlinas will be a little more plentiful. As many as 800 may be in this country by the end of the year.

But apart from its rarity value, what sort of car will you get if you move smartly down to your Lancia dealer in an attempt to become one of the first of the few?

In the first place, the new Gamma is quite as quick as its sleek Italian looks promise.


Lancia Gamma Gran Turismo £9,185·67*

Its new 2½ litre boxer engine provides you with effortless speeds in excess of 120 mph. Even more important in these days of speed restrictions, the five speed gearbox enables you to reach more permissible speeds at a breathtaking pace.

The handling should please you too. It has front wheel drive (like most Lancias since the legendary Fulvia) that helps it take corners as if they were straight lines. Effortless but sensitive power steering. And power assisted, all-round, disc braking that is more than a match for the car's performance.

The Gamma is as luxurious as you'd expect. It has thickly padded, cloth covered seats, the driver's being adjustable to give you the perfect driving position, whatever your shape or size.

There is also an adjustable steering column. Thick carpets you'd be happy to lay at home. A heavily padded roof. Built-in adjustable head rests. Electric windows with central and individual controls. Even a remote controlled, electrically adjustable overtaking mirror to keep your right hand dry.

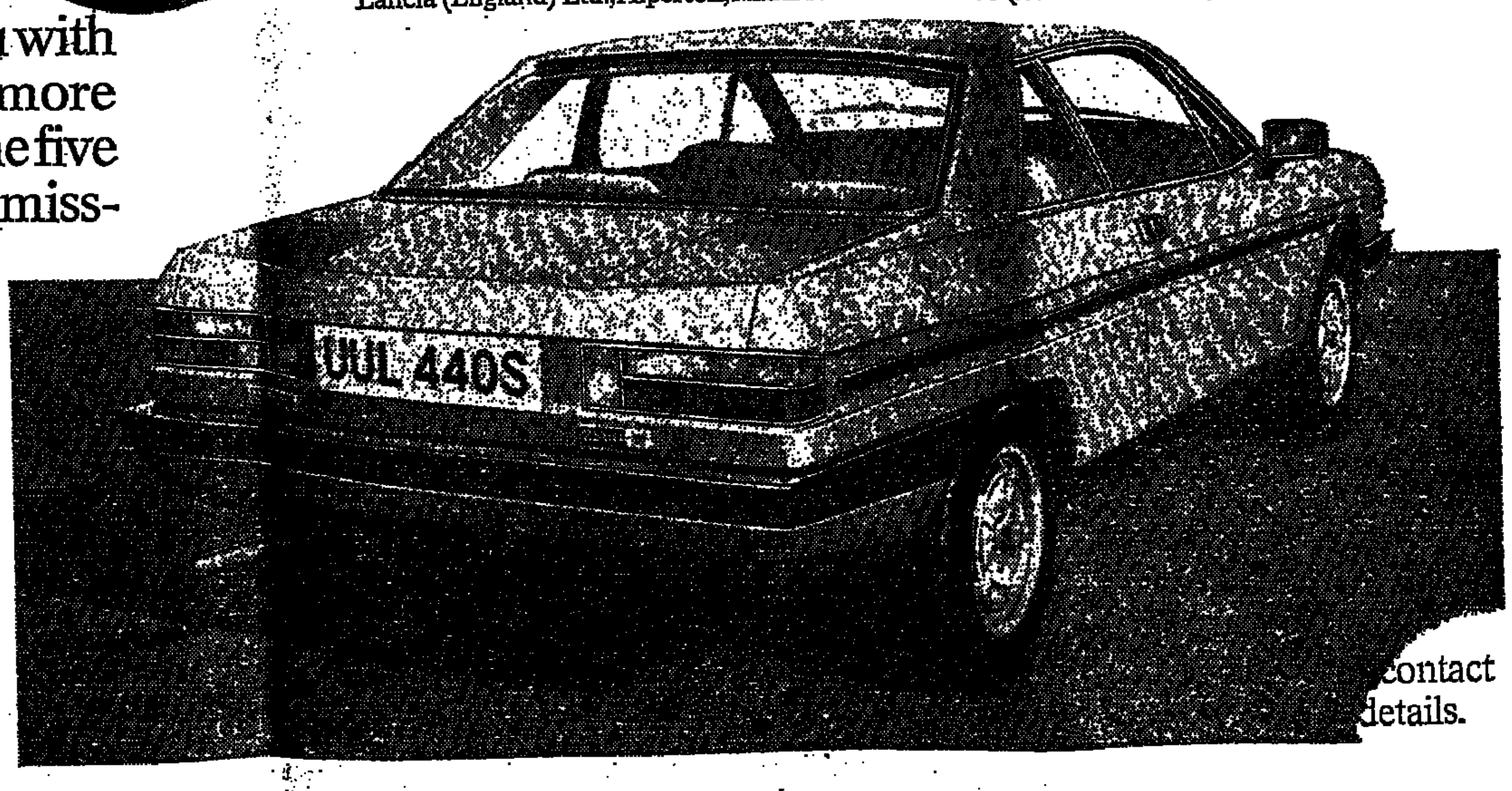
But if you'd like to find out for yourself all the reasons why the Lancia Gamma is about to be in such short supply, call your Lancia dealer and ask for a test drive.

If you're lucky enough to catch one, you'll probably be caught.

LANCIA

**The most Italian car.**

Lancia (England) Ltd., Alperton, Middx. Tel: 01-998 5355 (24-hour sales enquiry service).




contact details.

*Prices include VAT at 8% and car tax, inertia reel seat belts and delivery charges (UK mainland), but exclude number plates. Personal Export: If you are eligible to purchase a Lancia free of taxes, contact our Export Department.

# British Caledonian plans seven US routes

FINANCIAL TIMES REPORTER

BRITISH CALEDONIAN has lodged applications with the Civil Aviation Authority for a new network of services next spring to seven U.S. cities.

The services, due to start on April 1, will provide a direct link between London's Gatwick airport and Pittsburgh, Cleveland, St. Louis, Kansas City, Minneapolis/St. Paul, Denver and New Orleans.

British Caledonian said yesterday that all the services would be run on the three-cabin low-fare system introduced by it on the Gatwick to Houston route. In some cases, because of the shorter distances, prices could be less than the £69 now charged on the Houston route. Full service details have to be settled.

British Caledonian's applications to the authority come less than a month after an exchange of letters between President Carter and the Prime Minister.

President Carter asked Britain to allow an American carrier to operate from London to Boston, which was not part of the 1977 Bermuda agreement.

This was seen as opening the way for further development by British carriers in the U.S. Mr. Adam Thomson, British Caledonian chairman, said the airline had been consulted over the exchange of letters and had replied urging that Britain should agree the U.S. request and then seek more opportunities for British airlines in the U.S.

## Bigger loads

Mr. Thomson described the British Caledonian initiative as truly innovative because, instead of increasing services to existing ports, it will for the first time directly link Britain and U.S. cities.

Since the introduction of the three-cabin plan three months ago, with a wide range of fares on the Houston route, average load factors had increased from 55 per cent to 80 per cent.

● Pan American begins the "cheapest transatlantic fare in history" today with a £27 standby flight from Amsterdam to Boston. The Amsterdam to Boston route replaces the London to Boston route and for four weeks the company is offering special introductory rates.

Until July 14, a Boston to Amsterdam ticket will cost $99, about £54, and Amsterdam to Boston will cost $50, or about £27. From July 15, the rates will be $155, about £85, Boston to Amsterdam, and $124, about £68, in the other direction.

All daily flights are non-stop, no-frills flights on Boeing 707s.

# Intasun to form own airline

By Arthur Sandles

INTASUN, one of Britain's largest package tour operators, is to form a new independent airline—said to be the first jet passenger charter airline since Sir Freddie Laker started his operation. It is buying three American Boeing 737 jets for delivery next spring at a cost of £15m.

Privately - owned Leisure Securities, the holding company owning Intasun, is financing the purchase from American and Japanese sources. Intasun, which is predicting £3m pre-tax profits in the current financial year, last night complained of the lack of facilities for aircraft financing in the UK.

Mr. Goodman said the decision to go into airline operation was taken because of a shortage of charter capacity in the British market and the fact that charter rates had reached a stage which promised a reasonable return on investment.

Intasun's decision to acquire Boeing 737s—the deal will be a mix of hire-purchase and leasing—comes when airlines throughout the world are considering re-equipment. Many of the aircraft now in service will be banned from public airports on environmental grounds by the mid-eighties unless they are heavily modified.

● British Island Airways has bought three secondhand BAC 1-11 series 400 aircraft at a total price of £6m.

# Tory plan to alter Employment Act

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

PLANS to suspend parts of the Employment Protection Act for small businesses will be considered by Conservative Party leaders. This follows reports from small businessmen that the Act prevents them from increasing their work-forces.

One idea which has been put to Mr. Jim Prior, the Conservative employment spokesman, is that parts of the Act might be suspended for small companies when unemployment is above a certain figure — perhaps 3 per cent. At present it is nearly 6 per cent.

Such an idea goes further than those of the present Government which, faced with trade union opposition, is not prepared to cancel any employment legislation for small businesses.

Mr. Prior is concerned that since small businessmen feel the legislation impedes their operations they would expect a Conservative Government to help.

Yesterday he said the Conservative Party would examine how the Employment Protection Act could be amended. It would also consider how more employment subsidies could be aimed at small businesses.

Mr. Prior, who was speaking on the publication of a survey on the problem conducted by the Conservative Party's Small Business Bureau, stressed that nothing would happen before trade unions had been consulted. There was no question of repealing the Act.

Nearly 80 per cent of 804 companies submitting returns in the survey said the Employment Protection Act's measures limited the number of workers they employed. About 40 per cent said it was a "major deterrent" in terms of jobs now and in the next couple of years.

The Act's unfair dismissal provisions worried most companies, with 87 per cent citing the risk of having to pay compensation* of up to £5,200 to a dismissed employee. The general unfair dismissal procedures and the cost in management time and solicitors' fees in attending industrial tribunals worried a similar proportion of the firms in the survey.

Nearly 60 per cent said the Act's provisions on maternity rights and re-employment of women were a significant factor in limiting the number of people employed.

Other employment legislation said to affect a considerable number of decisions about taking on extra employees included the Redundancy Payments Act and the Trade Union and Labour Relations Act. Legislation covering sex discrimination, equal pay, race relations and health and safety at work was also mentioned.

# Three month oil deficit cut by £280m

RISING North Sea oil production has more than offset a deterioration in non-oil visible trade to produce a £150m improvement in the current account in the past three months.

The balance on trade in oil improved by £280m and the monthly deficit is now only three-fifths as large as it was this time last year.

The recent sharp fall in sterling has only just started to affect the terms of trade index—the ratio of export to import prices—since there has been no change over the past three months as a whole.

The index increased by 1.1 per cent last month, however, following a sharp rise in export prices.

BALANCE OF TRADE

| | | Exports £m seasonally | Imports adjusted | Exports Volume seasonally adjusted 1975=100 | Imports | Terms of trade *Unadjusted 1975=100 | Oil balance £m. |
|---|---|---|---|---|---|---|---|
| 1976 | | 25,422 | 28,932 | 109.9 | 105.5 | 98.9 | −3,973 |
| 1977 | | 32,176 | 33,788 | 118.9 | 107.0 | 100.7 | −2,804 |
| 1976 | 1st | 5,655 | 6,198 | 106.2 | 100.3 | 99.8 | −947 |
| | 2nd | 6,171 | 7,080 | 109.9 | 106.0 | 97.9 | −968 |
| | 3rd | 6,499 | 7,596 | 110.0 | 108.3 | 98.7 | −1,058 |
| | 4th | 7,097 | 8,058 | 113.5 | 107.3 | 97.3 | −1,000 |
| 1977 | 1st | 7,502 | 8,449 | 115.7 | 109.1 | 99.0 | −800 |
| | 2nd | 7,930 | 8,694 | 118.0 | 109.8 | 100.3 | −745 |
| | 3rd | 8,540 | 8,486 | 124.1 | 106.4 | 101.0 | −602 |
| | 4th | 8,204 | 8,159 | 117.9 | 102.6 | 102.4 | −457 |
| 1978 | 1st | 8,441 | 9,015 | 120.3 | 114.3 | 105.1 | −646 |
| 1978 | Jan. | 2,623 | 2,961 | 112.2 | 114.6 | 105.5 | −236 |
| | Feb. | 2,989 | 2,946 | 127.4 | 111.3 | 104.8 | −202 |
| | March | 2,829 | 3,108 | 121.4 | 116.9 | 104.8 | −208 |
| | April | 3,000 | 2,777 | 126.1 | 103.0 | 104.0 | −115 |
| | May | 2,877 | 3,046 | 120.1 | 112.5 | 105.2 | −109 |

The ratio of export prices to import prices

Source: Department of Trade



# British Rail puts £4m more into art

BY ERIC SHORT

THE British Rail superannuation fund invested a further £4.6m in works of art last year according to the report and accounts.

This brings the total investment to £12.7m at book value, the price paid for the items.

Altogether, the fund has acquired 800 items, the most famous being the sketch of the Tiepolo ceiling, originally painted in 1743. A number of these works are on loan to museums.

This type of investment accounts for only 3 per cent of the main pension scheme, by valuation, a small proportion of the total funds. Nevertheless, there have been strong objections to the principle of investment in works of art by a pension fund, by outside commentators and by some members of the fund.

A resolution has been submitted at the forthcoming annual meeting by a member of the York branch, seeking to stop these investments. A similar resolution submitted two years ago by the same member was defeated.

The report shows that the combined funds, which cover the non-manual employees of British Rail, rose by more than £80m to £682m last year. The funds had in excess of £100m to invest. The main fund, valued at £540m, invested £37m in UK equities, £13m in overseas equities, £33m for the share in acquiring Edinburgh and Dundee Investment Trust and £14m in property.

The latest actuarial valuation reveals a deficiency of £140m for the part of the fund guaranteed by the rail board and this is underwritten by the Government.

A deficiency of £26m was revealed in respect of benefits not guaranteed. This is being carried forward to the next valuation when the position will be re-examined in the light of the benefit and contribution changes made in April 1978.

# Workers ask for Tenneco bid inquiry

MORE THAN 2,000 workers at the Marchon works of Albright and Wilson at Whitehaven, Cumbria, want a Government inquiry before the American Tenneco group is allowed to take control of the company.

Marchon, which makes detergents and toiletries, is the biggest plant in the Albright and Wilson group. Unions involved will meet the managements of both the British and American companies today.

Albright and Wilson shareholders have been recommended to accept Tenneco's latest offer.

● Liverpool-based Ocean Trading and Transport will cut the shore staff of its ocean fleets division by 40. The redundancies will involve management and office personnel. The Liverpool staff will be trimmed by 30 and Tilbury staff by 10.

Hygena, the kitchen furniture concern, will cut the workforce at its Merseyside factory on the Kirkby industrial estate by 200 to 900. Last year it stood at 1,500.

# Bank bulletin delayed

THE BANK of England quarterly bulletin has been delayed for a few days because the main economic assessment is being revised in the light of last week's economic package.

The bulletin was due this morning, but is likely to appear early next week.

# Droochsloot painting sold for £19,000

SALEROOM

BY ANTONY THORNCROFT

A Gathering of Soldiers in a Dutch Village, painted in 1628 by Joost Cornelisz Droochsloot, sold for £19,000, plus the 10 per cent buyers' premium at Sotheby's yesterday. It was the highest price in an Old Master paintings auction which totalled £219,170.

A still life of flowers, by Roelandt Savery, sold for £6,800; and a wooded landscape, by Adriaen Frans Boudewijns, for £4,800.

At New York on Tuesday Sotheby Parke Bernet sold modern and contemporary paintings for £168,179. There was good Japanese buying. The highest price was the £10,333 for Route de Village, by Vlaminck. Peasant Woman with Cow, by Jankel Adler, realised £4,620.

A sale of printed books at Christie's yesterday made £42,524. Bannerman, the London dealer, paid £3,000 for a complete set of The Gentleman's Magazines, or Trader's Monthly Intelligentsia. The set dated from the magazine's inception in 1732 to 1870, and included indexes complete up to 1818.

The sale also included Gibbon's History of the Decline and Fall of the Roman Empire in six volumes. Volume 1 was from the fourth edition, and notable for the numerous autograph additions by the author, while Volumes 2-6 were from the first edition. The lot went to Quaritch, the London dealer, at £2,500.

A sale of antiquities from the collection of the late Josef Muller of Solothurn, Switzerland, totalled £151,047.

On Tuesday Christie's sold African and tribal art from the same collection for £210,420 —

Yesterday's sale saw Fugenda of Japan pay £4,200 for an Egyptian limestone so-called "sculptor's trial piece," in the form of the face and shoulders of a king, 9½ inches high, from the Ptolemaic period.

Symes, the London dealer, paid £4,000 for a Greek geometric bronze figure of a horse, 3½ inches high, from the 7th-6th century BC.

The same dealer also paid £3,200 for an Egyptian Old Kingdom relief fragment, Dynasty V, and an anonymous bidder £3,200 for an Egyptian Middle Kingdom anhydrite/kohl pot of barrel form, Dynasty XII.

At Phillips, a ceramics and glass sale totalled £51,900 with a collection of Venetian glass, discovered in an attic, making £14,150. The top price was £6,000 from Zietz, the German dealer for a late 16th-century Innsbruck engraved goblet and cover.

# Edwardes drive to improve Leyland truck results

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

A NEW DRIVE to improve the performance of Leyland Vehicles, the former British Leyland Truck and Bus division, is being mounted by Mr. Michael Edwardes, the group's chairman.

Talks between Mr. Edwardes and senior managers at Leyland Vehicles, have already started with a view to achieving substantial productivity improvements.

The review is also expected to cover possible plant rationalisations, the present model range and the declining market share of Leyland's trucks.

Mr. Edwardes' singling out of Leyland Vehicles for special attention follows the completion of the main lines of his reorganisation of BL's car division. He has made it clear in the last few days that he is not impressed by the long-standing reputation of the Lancashire-based truck business as the main profit generator in the group.

In particular, as he stressed at the annual meeting in London this week, he believes productivity has fallen to an unacceptable level, leaving Leyland far too exposed to overseas competitors.

"The current production performance in Leyland Vehicles is entirely unsatisfactory in many parts of the business," he said. "This will be the subject of major management attention in the coming months."

Mr. Edwardes has drawn the parallel between the truck activities and the performance of the car division over the last few years, which has shown that once market-share is lost it is very difficult to regain

Leyland Vehicles has already been substantially reorganised within the last 18 months since the appointment of Mr. Desmond Pitcher as managing director. The company has been split into smaller entities, new investment projects got underway, and plans developed for a revamped model range.

# Olympics in London study proposed

Financial Times Reporter

LONDON SHOULD consider offering to play host to the 1988 Olympic Games and investigate building an Olympic city in London's derelict docklands said Mr. Horace Cutler, Conservative leader of the Greater London Council yesterday.

Within the next four weeks the Council is to be asked to pay for a £50,000 feasibility study to be conducted by independent consultants into Mr. Cutler's Olympic bid.

Two years ago the Council threw out a proposal to stage the 1984 Olympics in London because of the cost but Mr. Cutler said there was now a growing feeling that past (Olympic) trends towards "lavishness and grandeur" should be reversed.

The Olympics were held in London in 1908 and again in 1948 and Mr. Cutler said it would be "appropriate therefore to hold them here once more in 1988, an interval of another 40 years."

He said the feasibility study could well show that the games would bring London enormous benefits.

Commenting on the threatened closure of the Upper Docks Mr. Cutler said building an Olympic city in dockland could provide thousands of jobs, housing and recreational facilities for the future.

He did not mention that the 1976 Olympics in Montreal showed an estimated £500m defecit.

# Hunterston nuclear accident 'was caused by human error'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

AN INTERNAL inquiry into the £16m accident which has put the Hunterston B nuclear power station out of action for 18 months has concluded that it was caused by human error. No disciplinary action is to be taken.

The full cost of the incident and the effect on tariffs could be made public on Monday when the annual report of the South of Scotland Electricity Board, which owns the station, will be published.

Mr. Roy Berridge, chairman, has said that the Board will not go into deficit, although there might have to be a 1 or 2 per cent increase in prices to pay for the damage and extra generating costs.

Investigating engineers found that a temporary cross connection had been made in the cooling system without approval to bypass a faulty weld and that it had remained in position for six months.

Their report says that station staff should have foreseen the implications of making the modification and should not have done it.

As a result of the change sea water was sucked into the cooling system when the reactor was depressurised for maintenance and thermal insulating material was corroded.

The report does not name those responsible, but it does indicate that the incident was not a case of gross negligence.

The Board said last night that formal disciplinary action would not be taken, but Mr. Donald Miller, director and general manager, is to interview all those involved in the incident.

Operating procedures at the station are also to be tightened

The report stresses that the accident had no nuclear implications and that the design of the power station—which is of the advanced gas-cooled type—is sound.

● NEWS ANALYSIS — CRISIS IN THE CHEMICAL INDUSTRY

# A process of wage negotiation

BY NICK GARNETT, LABOUR STAFF

IMPERIAL Chemical Industries' decision to start running down a vital ethylene plant at its biggest petrochemicals site results from another of those industrial disputes which look bizarre to outsiders.

The company says it is forced to start a programme of plant closures at its Wilton site on Teesside because of a shortage of artificers to service and maintain control-room instrumentation.

The unions, who agree the company has severe difficulties in the control rooms, have nevertheless refused to co-operate in the training of fitters and electricians to be artificers. They want ICI to present improved wage rates for craftsmen first, over and above the company's present 10 per cent annual pay offer.

The result is that some jobs are under threat and long-term employment jeopardised in an area of high unemployment. If the dispute is not solved relatively quickly ICI's customers and their employees could also be affected.

There is no argument about some issues. The company needs 400 instrument artificers to run existing plants and commission new ones. It has little more than half that number. These workers are vital for the running and safety of high pressure chemical processes.

There is no dispute either about the "conversion training" of fitters and electricians to be artificers. This was agreed 27 years ago.

The fitters, electricians and artificers belong to either the Amalgamated Union of Engineering Workers or the Electrical and Plumbing Trades Union.

Mr. Gerry Russell, the engineering unions' executive member for chemicals, says ICI's problems stem solely from poor wage rates, which have caused an exodus of artificers from the company—not only to oil-related work and private contractors but also to ICI's competitors.

Training artificers internally under present pay circumstances would not solve the company's problems because such newly-trained men would simply leave. The only long term solution would be a major improvement in craft rates, he says.

The company admits that artifices which ICI says earn about £5,000 a year with overtime and shift payments are paid only marginally more than the highest grade fitters and electricians.

But it says that with the use of contractors enough artificers would remain after training to haul the company out of its present difficulties.

The stumbling block has been pay policy, which has compressed differentials on the one hand and on the other made it difficult for companies to overcome that problem within pay guidelines.

The issue has been complicated in ICI by belief of some union officials that the company could have done much more to improve differentials, possibly by a back door appeal to the Government over its difficulties in recruiting artificers.

For its part ICI is worried that at least at local level the unions have been using the shortage of artificers as a bargaining ploy to try to improve craftsmens' rates across the board, outside existing wage arrangements.

Eight unions, including the Transport and General Workers and the General and Municipal are party to ICI's manual workers' wage agreement. Company officials are anxious about the repercussions of major structural changes in differentials during a period of stirc tpay policy.

# Not what it was cracked up to be

BY KEVIN DONE, CHEMICALS CORRESPONDENT

SHELL'S decision to freeze design work on its proposed £200m ethylene plant for Stanlow, Merseyside, is a direct result of the crisis which has been developing in the petrochemicals industry in Western Europe in the last 12 months.

The industry has been hit by overcapacity, low prices, sharply falling growth rates and a loss of profitability in important sectors.

It is perhaps not surprising that ICI has chosen its own, smaller, ethylene plant at Wilton, Teesside, as the first casualty in the series of progressive plant closures which is threatened by ICI as a result of an industrial dispute. The dispute is over the shortage of skilled workers to look after the instrumentation in plant control rooms.

Olefine 4, the ethylene cracker which ICI says it will have to shut next week, has been in use for only a few months since "prolonged maintenance" last year.

## Stagnant

ICI says the plant is working to full capacity of 200,000 tonnes a year. But many other companies in Western Europe have prolonged maintenance shutdowns in an attempt to run the remaining plants more efficiently.

The closure of ICI's smaller ethylene plant could take longer than normal to bite under present market conditions of stagnant demand and spare capacity.

Shell Chemicals UK has already discussed with ICI what effects any plant closure will have on ethylene supply.

Under the so-called North Sea swap arrangement Shell takes about 50,000 tonnes via the trans-Pennines pipeline of ethylene a year from ICI on Teesside for use in its chemicals plants on Merseyside.

In return Shell supplies ICI with ethylene on the Continent from its large cracker at Moerdijk for ICI's plants at Rozenburg in Holland.

Shell's postponement of its plans for a £200m cracker for Stanlow illustrate the flexibility which is developing with the supply of ethylene by pipeline in Western Europe, and the depressed state of petrochemicals markets.

Shell's latest estimates of the growth in demand for ethylene into the 1980s indicate that there is no need for new cracker capacity in the UK until at least the mid-1980s.

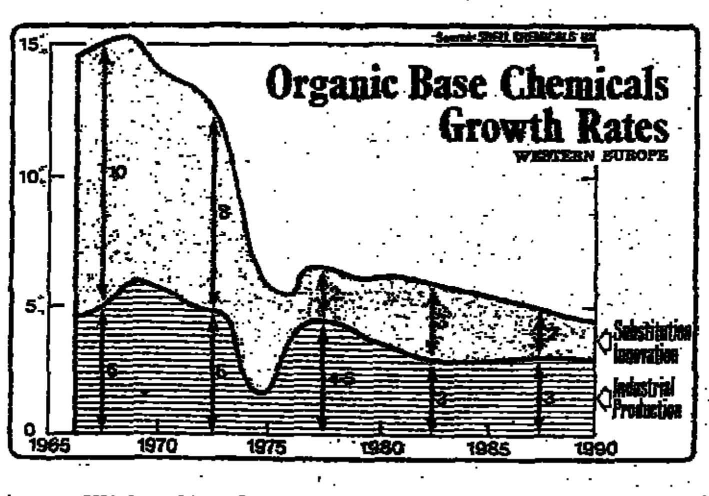
According to the most recent survey by the Council of European Chemical Manufacturers' Federations, petrochemical producers are still building plants faster than demand is growing.

The over-capacity for ethylene is expected to have worsened by 1981. Ethylene is the most important petrochemical building block and is the raw material for a range of products, including plastics, fibres, detergents, paints, and anti-freeze.

The Council of European Chemical Manufacturers Federations expects EEC consumption of ethylene to grow by only 3.9 per cent a year from 1977 to 1981, compared with an estimate of 8 per cent little more than 12 months ago. According to the council's figures the UK had an effective ethylene capacity of 1.5m tonnes last year. This is expected to grow to more than 2m tonnes in 1981.

The UK Government and the trades unions have placed great store on the rapid expansion of ethylene capacity in the UK, based chiefly on the exploitation of North Sea feedstocks, especially ethane.

In 1976 the Government endorsed a plan which called for the building of four new crackers in the UK by 1985. It has not changed its public stance on this issue, but it is unlikely that more than one such cracker will be built by that date. There are even doubts about the timing of that scheme.




The drastic fall in the expected growth of demand is due to a combination of the general economic recession and the marked slowing in the rate at which chemical products are being substituted for existing products.

In the mid-1960s substitution was contributing as much as 10 per cent of the growth in organic chemicals in Western Europe. That is down to 2-3 per cent.

Mr. Gerard Fairtlough, the managing director of Shell Chemicals U.K., says the present depressed trading conditions mean there is hardly any growth in ethylene demand at the moment. "It is zero or one or two percentage points at the absolute most."

What has gone wrong is that petrochemicals producers have lost about three years' forecast market growth, but the plants planned to meet the expected extra demand have nearly all been built. Sales volumes at the end of last year were only just getting back to levels established in 1974. But many plants are working at only 70-75 per cent of capacity.

Major additional ethylene plants are still coming into production. Last year 645,000 tonnes a year capacity was added in Western Europe, according to figures produced by Shell.

In France a consortium of companies, including Rhone Poulenc, Ato and Solvay, opened a 200,000-tonnes-a-year plant at Fezin. Enpetrol brought on 325,000 tonnes in Spain and Esso added 330,000 tonnes in West Germany.

In Italy Montedison closed a 350,000 tonnes a year plant after an explosion but opened 140,000 tonnes of old capacity. A small 50,000 tonnes a year plant was closed in Denmark.

This year an extra 1.4m tonnes is coming on stream. DSM is contributing 450,000 tonnes a year. Rumianca is opening 200,000 tonnes and closing down 80,000 tonnes in Italy. In Norway Norsk Hydro is opening 330,000 tonnes a year and in the UK ICI and BP are scheduled to bring a joint 500,000 tonnes a year on stream.

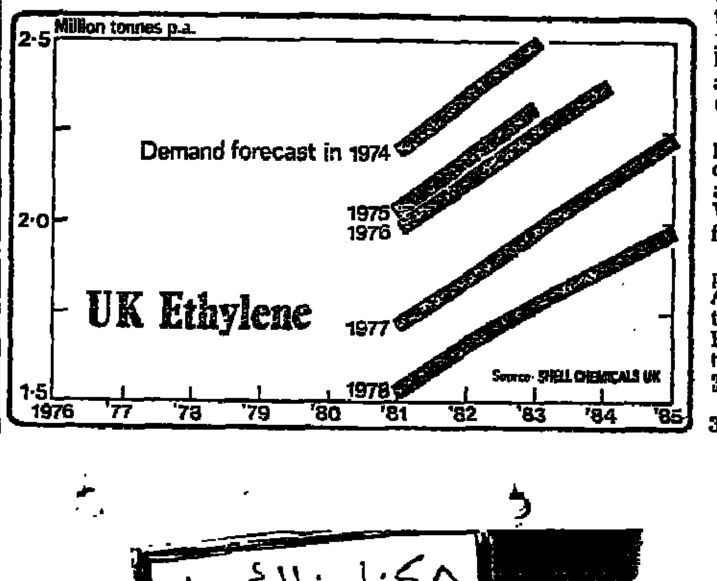
Other crackers are under construction for Shell in France and BASF in West Germany. The Council of European Chemical Manufacturers Federations predicts that by 1981 there will be an effective capacity for ethylene of 16.9m tonnes a year in Western Europe against a consumption of 12.6m tonnes.

## Customers

It is against such a background that Shell Chemicals UK is freezing work on the design of its Merseyside cracker and is deciding to concentrate on the establishment of key ethylene user plants, such as its proposed £50m, 175,000 tonnes a year higher olefins plant at Stanlow.

If Esso Chemicals decides to go ahead with its £250m to £300m 500,000 tonnes a year cracker in Fife at the end of the year, Shell could be one of the major customers anyway. It already has an agreement to take 40 per cent of the production from the plant, if it is built.

In the meanwhile it considers there is plenty of ethylene available from other producers such as ICI and BP. And with 500,000 tonnes a year of new capacity due on stream at the end of the year those two companies could be glad of any customers they can get.



# Independent national heritage fund urged

BY PHILIP RAWSTORNE

URGENT CHANGES in the management of the National Land Fund to enable it to play a wider role in preserving the national heritage were recommended by an all-party Commons committee yesterday.

The committee wants the Government to restore £50m taken from the fund in 1957 and free the fund from public expenditure control.

It suggests that the fund's resources be handed over to independent trustees to use for contingency purchases of property and works of art for the nation.

With inflation and taxation posing great threats to historic houses and art treasures in private ownership, it says a more flexible policy of safeguards should be adopted by the Government.

The recommendations come after an inquiry into Treasury administration of the fund prompted by its refusal last year to acquire Mentmore from Lord Rosebery.

Established in 1946 with £50m from the sale of war surplus stores, the fund was intended by Dr. Hugh Dalton, Labour Chancellor at the time, as a war memorial.

It has been used to reimburse the Inland Revenue for property and works of art accepted in lieu of tax and to finance the purchase by Government departments of historic buildings.

The original intention of using it to acquire land of special scenic or natural value has never been fully carried out, however.

In the first 10 years, only £1.8m was paid out from the fund and by 1957 its capital had increased to £59m. The Government of the day reduced the fund to £10m that year, since when about £9.6m has been disbursed. Investments have increased the capital to about £18m.

The committee agrees in its report with most of the organisations involved in safeguarding the national heritage that the fund has been administered too restrictively.

Treasury management conventions are preventing the fulfilment of the fund's original purpose, the MPs say.

The committee says that, reconstituted as a National Heritage Fund under independent trustees, the resources should be used on a contingency basis to rescue property and works of art for the nation.

A wider role should be considered for the fund in the acquisition of historic gardens, nature reserves and other countryside areas and cash endowments provided for the maintenance of exceptional historic buildings.

Treasury procedures relating to the acceptance of property in lieu of taxes should be clarified and published, and the provisions extended to cover all forms of capital taxation.

The question whether a work of art offered in lieu of taxes meets the statutory requirement of being of "pre-eminent" merit should be determined by independent assessors, the report recommends.

Until the fund is run by independent trustees, however, a council should be established to advise the Treasury on the allocation of its resources.

The committee believes that, if given a more flexible role, the fund would soon be exhausted. It urges, therefore, that the Government should, as a first step, make good the £50m removed in 1957.

*Expenditure Committee, Third Report 1977-78: The National Land Fund, SO, £5.10.*

# New light on link between NEB and British Tanners

BY MARGARET REID

FURTHER QUESTIONS about the National Enterprise Board's controversial £5m investment in British Tanners Products, which it owns jointly with Barrow Hepburn Group, have been raised by Mr. Michael Grylls, Conservative MP for North-West Surrey.

Mr. Grylls has now received a copy of the NEB's "revised re-written statement" to the House of Commons Public Accounts Committee about financial transactions in connection with the setting up last year of British Tanners, formed from the loss-making tanning interest of Barrow Hepburn.

Yesterday, he described this statement as a great improvement on an earlier, as yet unpubilshed, account of the matter to the committee, Parliament's watchdog on public spending.

He considers that the previous NEB statement was misleading, although not intentionally so.

Sir Douglas Henley, the Comptroller and Auditor General, at the request of Mr. Edward Du Cann MP, chairman of the committee, has been looking into points already raised by Mr. Grylls on the NEB's earlier statement.

The NEB's revised statement to the committee throws new light on the exact financial transactions involved when British Tanners, which made losses of more than £2m last year, was set up.

Of the £10.4m of debts which the tanning interests making up British Tanners owed to their previous parent when the new concern was formed, £1.9m was settled through British Tanners' assuming a loan of that amount owing to the Industry Department from Barrow Hepburn.

The remaining £8.5m was paid in cash to Barrow Hepburn. Of this, £5m was met from the money channelled by the NEB and Barrow Hepburn into British Tanners against loan stock, and by the NEB for its shares in British Tanners, while £3.5m was found through overdrafts.

Mr. Grylls said the figures "made a nonsense of the claim by the NEB that the reason for their going into British Tanners was to give financial support to it, since all the money put in went straight to Barrow Hepburn."

Last night the Board commented: "We have no comment to make on evidence submitted *in writing* to the Public Accounts Committee prior to its publication by the committee."

It emerged last night that Mr. Edward Buchan, former managing director of Rentokil, has just been appointed as an independent chairman of British Tanners, hitherto headed by Mr. Richard Odey, chief executive of Barrow Hepburn.

In a letter yesterday to Sir Leslie Murphy, chairman of the Enterprise Board, Mr. Grylls said he thought the Board's new statement would give the committee a better chance of understanding the full implications of the NEB intervention in British Tanners.

"As Parliament has the duty of monitoring the expenditure of tax-payers' money through the NEB, I certainly hope that great care will be taken in future that misleading statements are not made to select committees of the House of Commons."

# Lib-Lab Bill row explained

BY ROY HODSON

MR. DAVID PENHALIGON, the Liberal energy spokesman, yesterday gave a new account of the dispute between the Liberals and Government Ministers which resulted in the Electricity Reorganisation Bill being killed.

The Liberals refused to support the Bill and details of Mr. Penhaligon's argument with the Bill's sponsor, Mr. Anthony Wedgwood Benn, Energy Secretary, emerged when Mr. Penhaligon was questioned by both Labour and Conservative members of the Select Committee on Nationalised Industries, which is inquiring into the electricity supply industry.

The Liberals, he explained, particularly took issue with Mr. Benn when he was seeking their support for the Bill because it called for the introduction of "strong and organic industrial democracy" to be fostered in the electricity supply industry. "We told him," said Mr. Penhaligon, "we would only support it if that were to mean explicitly 'one employee: one vote,' whether or not the employee belonged to a trade union. Mr. Ben refused."

Mr. Penhaligon said he had been given just 48 hours notice by the Government that Liberal support was requested under the Lib-Lab pact in order to see the Electricity Bill through. He had secured extra time and had consulted Sir Francis Tombs, chairman of the Electricity Council, union leaders, and many area electricity Board chairmen.

The Liberals concluded that they would not want any nationalised industry to be given the wide-ranging new powers included in the Bill.

# Nuclear reactor inquiry proposal

BY DAVID FISHLOCK, SCIENCE EDITOR

THE ELECTRICITY supply industry and the Atomic Energy Authority will be submitting to the Government later this month proposals which they believe could be used as the basis for a public inquiry into Britain's first big fast breeder reactor.

It is understood that recent discussions involving three generating Boards, the Electricity Council and the Atomic Energy Authority have agreed upon a basic scheme for managing and financing the £1bn project.

The plan, now being drafted, also has the support of the nuclear construction industry, which would build the 1,300 MW power station.

Last year Sir John Hill, chairman of the Atomic Energy Authority told Mr. Anthony Wedgwood Benn, Energy Secretary, that he would not be putting forward a firm proposal for the next stage of fast reactor development until the Government gave its verdict on the Windscale inquiry into reprocessing.

The Government gave the go-ahead for the Windscale project last month.

Sir John said yesterday that the industry was agreed that it should try to persuade Government to hold a single inquiry into its fast reactor plan, not two or more as some opponents have proposed.

From the industry's standpoint, this meant putting forward its case as a complete package—including an outline reactor design, its associated fuel services, and the safety case for a chosen site—as it had done for the new Windscale plant.

The scheme still depends upon the willingness of the Health and Safety Executive to accept an outline proposal at this stage, as it had done for Windscale.

A more detailed submission would require detailed design work by sub-contractors. It would involve the expense of perhaps £50m and a delay of perhaps two or three years.

Sir John believes that if the Government accepts the industry's proposal, the inquiry could be held next year.

The proposal would concern a commercial power station—not an experimental project—which the electricity supply industry would expect to produce power. It would be a scaling-up of demonstrated UK fast reactor technology.

Still unresolved is the site. Dounreay in north Scotland, site of two previous fast reactor projects, is an obvious contender.

# Move to speed cheques

BY DAVID FREUD

THE AREA in which large cheques can be paid in for same-day settlement will be extended if proposals by the clearing banks and the Bank of England are accepted.

Under present arrangements cheques worth £5,000 and more can be cleared on the same day if presented at a "town clearing" bank in the City of London.

The clearing banks and the Bank of England yesterday invited other banks to discuss the automation of the system. This would allow same-day clearing outside the City.

The project, the Clearing House Automated Payment System, has been under discussion for about 18 months. ICL has been involved.

# Accountants attack Whitehall control

BY DAVID CHURCHILL

PUBLIC sector accountants yesterday joined the growing opposition to excessive Whitehall control of local government affairs. Nearly 1,000 delegates to the Chartered Institute of Public Finance and Accountancy conference in Edinburgh made clear yesterday their anger at increasing Government attempts to control local authority activities, especially finance.

Delegates' concern was summed up by an institute official: "I have an uneasy feeling that the Government is moving nearer to an unhealthy degree of control over the whole field of capital expenditure and borrowing in local government and other branches of the public sector," said Mr. John Bamford, Westminster City treasurer and chairman of the institute's policy committee.

At the request of Mr. Peter Shore, Environment Secretary, the local authority associations are drawing up a shopping list of the controls they want eased.

But Mr. Shore faces stiff opposition within the Cabinet from the Secretaries of State for Education and Health, who are believed to favour tight central control over local government activity.

# Fraser case verdict on July 14

By Ray Perman, Scottish Correspondent

A VERDICT in the trial of Sir Hugh Fraser, deputy chairman of Scottish and Universal Investments will be given on July 14, Sheriff J. Irvine Smith said in Glasgow yesterday.

Sir Hugh and five others who were directors of SUITS in 1975, have denied that they failed to give a true and fair view of the affairs of the company by misclassifying a £4.2m loan in the accounts. They are charged under the Companies Act.

Sir Hugh and three of the other accused are also charged with failing to notify the company of their dealings in its shares within the required period.

Sir Hugh has admitted not notifying 61 transactions, but has denied the charges in relation to a further 18. The others have denied all charges.

The case was completed last month, but it was adjourned while a transcript of the evidence was produced. Sheriff Irvine Smith said yesterday that he had now received the transcript and would be making a written judgment.

# McNee in pay plea for London police

BY JAMES McDONALD

POLICE in London should be paid more than those in the provinces. Sir David McNee, Metropolitan Commissioner, said yesterday. In his first annual report to the Home Office as commissioner Sir David writes of "the grim realities of 1977." The task of police was being made unwarrantably difficult by certain restraints of criminal procedure. He calls for a system of justice which is as effective in securing the conviction of the guilty as it is in securing the acquittal of the innocent.

"An excess of liberty which makes ordinary people fear to leave their houses, is not freedom under the law. Libertarians should proceed with caution."

Other points from Sir David's report:

BAIL ABUSE: "Of 230 known robbers, 52 are on bail. Evidence we have includes instances of hardened criminals who have been arrested for crimes as serious as armed robbery despite strong police objections and, before standing trial, being arrested again for similar crimes. If bail had been refused, many serious crimes, including the use of firearms, would have been prevented."

FRAUD: This was the only major category of reported crime which decreased in 1977. But this was not reflected by any decline in the workload of the Metropolitan and City police fraud branch. "Indeed about 40 per cent more inquiries were started than in 1976 and, at the end of the year, 566 were in progress."

# Warning on training of seamen

By Paul Taylor

DELEGATES to an international conference on the training of seamen were warned yesterday by Mr. Stanley Clinton Davis, Under Secretary for Trade, that standards should not be set so high that some nations would not accept or implement them.

Mr. Clinton Davis was welcoming delegates to the Inter-Governmental Maritime Consultative Organisation conference in London.

He reminded delegates of the importance of the conference because "the greatest single factor which leads directly to an accident, disaster or near miss at sea is human fallibility." But the conference should draw up minimum standards, rules that are "strong and worthwhile, but rules which are acceptable to all."

Fifty-seven nations, including two observers, registered at the start of the conference which is open to all UN member states. Most of the work on the new convention will now be done in committees.

# Two jailed over Anguilla bank diamonds fraud

BY MARGARET REID

PRISON SENTENCES were passed yesterday on two men found guilty of conspiracy to defraud by falsely claiming that Industrial Banking Corporation, a small company based in a West Indian island was a genuine and honest business which could arrange payment for deals in diamonds.

Industrial Banking Corporation, based in Anguilla, but formerly also operating from Hanover Square in London, is not to be confused with the company of the same name which is a subsidiary of Guinness Mahon, the well-known city merchant bank.

Mr. William John Morley was found guilty on all six charges of conspiracy and dishonesty. He was sentenced to terms of imprisonment ranging from two to five years to run concurrently on five charges, with a further two years on another charge.

Mr. Felicio Alberto Morella, an Italian, was sentenced to a total of 2½ years in jail on two charges of dishonesty and conspiracy to which he had pleaded guilty. The Rev. Thomas Kemp, a retired minister of the United Reformed Church, was cleared of the five charges against him.

Prosecuting in the case, which began at Knightsbridge Crown Court last month before Judge Lewisohn, Mr. Richard Du Cann, QC, had described the Anguilla-based Industrial Banking Corporation as "a sham—no more than a facade" used by the accused to develop credence.

The court was told by the prosecuting counsel that the concern had attempted to engage in large deals, including offering to finance a $500m cement works in South Africa.

It had also proposed to buy quantities of diamonds, paying for them with letters of credit. It did obtain £50,000-worth of gems, but the seller was not paid.

# New electronics paper planned

MORGAN-GRAMPIAN, the business and specialist publications group, is launching a weekly tabloid newspaper, Electronics Times. The first issue will appear at the end of September.

# Spar changes price-cut policy

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE SPAR voluntary group of grocers is to abandon its nationwide price-cutting promotions in the face of growing pressures on independent traders which it estimates are closing at the rate of 100 a week. Instead, it is to launch a series of regional price promotions, backed by national theme advertising stressing the convenience of shopping at one of Spar's 4,000 branches.

Announcing the new strategy yesterday, Spar, which is the biggest of the voluntary groups of independent grocers, called on the Government to find ways of helping small shops which it, said, were being forced out of business at an unprecedented rate.

The new marketing policy marks a fundamental change in Spar's marketing approach. Much of its early success in bringing independent retailers together under one umbrella was due to the way the central organisation bought big-selling lines on behalf of all its members and then promoted special offers nationally at a single price.

The central organisation will continue to negotiate with manufacturers on a national basis but more discretion will be given to regional buyers.

The whole idea behind the new campaign is to introduce more flexibility into the system. This will allow members trading in areas where there is not much local competition, such as Cornwall, to sell at higher prices than those in very competitive areas, such as parts of the north. The uniform price structure on brands sold under Spar's label will remain, as will the amount of money spent on price cuts.

The move is a reflection of the increased pressures which have been put on independent grocers since Tesco stepped up the price war, almost exactly a year ago to the day, by dropping trading stamps and putting the money saved into price cuts. Since then, Tesco's market share has increased by 4 per cent and the chain has taken business from almost all its competitors with the independent shops suffering most.

While Spar, partly as a result of heavy advertising, has been able to maintain its share of the grocery market at 4.1 per cent, the share taken by the independent sector as a whole as fallen from 21.5 per cent in three months ending May 28 last year to 18.5 per cent in the two months to the end of this April.

Because each percentage point represents about £100m worth of sales, this means, according to Spar, that independent grocers are losing business at the rate of £1m a day.

PARLIAMENT AND POLITICS

# Callaghan goes to the brink

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT won its vote of confidence last night by a slender majority of five (282-287) in the Commons after a speech from the Prime Minister in which he threatened an immediate general election should the verdict go against him.

As the result was announced, jeering Conservatives rose in their seats to point accusing fingers at the Liberals whose last-minute abstentions saved the day for the Government.

In a sure-footed wind-up to the debate, Mr. Callaghan warned of the grim repercussions for the market and the exchange rate should the House decide to back the Tory motion of censure against Mr. Denis Healey, Chancellor of the Exchequer.

Mr. Callaghan then went in for some naked electioneering of his own. The Tories, he said, advocated a policy of sabre-rattling against the Soviet Union, tub thumping on hanging, shuffling on immigration, confrontation with the workers, and running away on devolution.

He told his cheering supporters: "When the time comes, we can appeal to the country with confidence, proud of our record and knowing that facing us is a bankrupt Opposition."

Looking at the laughing faces of Labour backbenchers in the debate, one would never have supposed that the Government was facing a cliff-hanging vote of confidence.

Their spirits had risen after listening to a swash-buckling electioneering-style speech from Mr. Healey in which he defended his economic record and claimed that last week's package of measures had already received the blessings of the market.

He sat down to wave after wave of cheers from the Labour benches—probably the best reception that he has ever received for a speech in the House.

Government morale rose even more when Mr. David Steel, the Liberal leaders, announced that his party would not be backing the censure motion. Indeed, Mr. Steel spent much of his time attacking the Tories and merely expressing "irritation" over the Chancellor's uncharitable behaviour towards the Liberals.

The House had listened to a long litany of charges against Mr. Healey from Sir Geoffrey Howe, the Conservative Shadow Chancellor, who—with the possibility of an election in the offing—resorted to uncharacteristically tough language.

Putting the Chancellor in the dock, he accused him of ignorance matched by incompetence and recklessness, and of arrogance and deceit. According to Sir Geoffrey, Mr. Healey had promoted policies which had led to a stagnant economy, an impoverished society and the destruction of British industry.

Nor did he spare the Liberals. He remarked caustically on their abrupt retreat from the censure motion immediately they had heard of the Government's eleventh-hour decision to make it a vote of confidence.

The Government was, he said "now summoning the rats to return to the sinking ship."

Rising to reply, the Chancellor certainly did not look like a prisoner called to justice. As Mr. Steel remarked: "He would not know a penitent's stool if he saw one."

With all his old pugnacity, Mr. Healey referred to Sir Geoffrey's indictment as "a tedious and tendentious forrago of motheaten press cuttings." Being attacked by Sir Geoffrey was, he said, "like being savaged by a dead sheep."

He delighted his supporters by attacking the Tory decision to employ the advertising agency of Saatchi and Saatchi to present their policies, a firm which included among its clients Penguin Biscuits, Fairy Snow and "Schhh . . . you know who!"

Mr. Healey jeered: "You can't win the confidence of the electorate by selling a party like a soap powder."

Goading the Opposition even further, he scattered his speech with references to the action he might take "in my next Budget" in the spring of 1979.

At that time, he explained, he might find it possible to increase employment by making tax cuts or by using other methods to offset the £1.5bn which will be brought in over a full year by the 2½ per cent increase in social security surcharge announced last week.

# Package has already proved 'a resounding success'—Healey

BY IVOR OWEN, PARLIAMENTARY STAFF

BRITAIN'S ECONOMIC and financial policies would have been put at risk had Mr. Denis Healey, the Chancellor of the Exchequer, been subjected to a personal censure, the Prime Minister told the Commons last night when his call for a vote of confidence in the Government secured a five-vote majority.

A Conservative motion seeking to halve the Chancellor's salary was defeated by 287 to 282. After the result was announced Mr. Callaghan and Mr. Healey were congratulated by jubilant Labour MPs and left the Chamber together amid a roar of exultant Government cheers.

Earlier, the Chancellor, in one of his most effective Parliamentary speeches, claimed that the package of restrictive monetary and fiscal measures announced last Thursday had already achieved their objective.

With a buoyancy which belied the fact that he was fighting for his political life, and with it that of the Government, he insisted that the effect of the whole package would be to restore the outlook for the economy to what it was at the time of the April Budget.

Sir Geoffrey Howe, the Conservative Shadow Chancellor, led the Tory attack with a demand for a "guilty" verdict on Mr. Healey for the arrogance, incompetence, recklessness and deceit he had shown over the last four years, and for policies which had threatened to demoralise and destroy British industry.

The Prime Minister justified his decision to call for a vote of confidence on the grounds that the Chancellor's position was central to the future of the Government itself and its policies.

If the vote against the Chancellor were carried, he warned, there would be repercussions in the markets, for the exchange rate, and for a great many financial and monetary affairs.

The Prime Minister said he had rejected the alternative course of awaiting the outcome of the vote and, in the event of a rebuff for the Chancellor, seeking a vote of confidence the next day. He had reached the conclusion that "it was not the right way to do it."

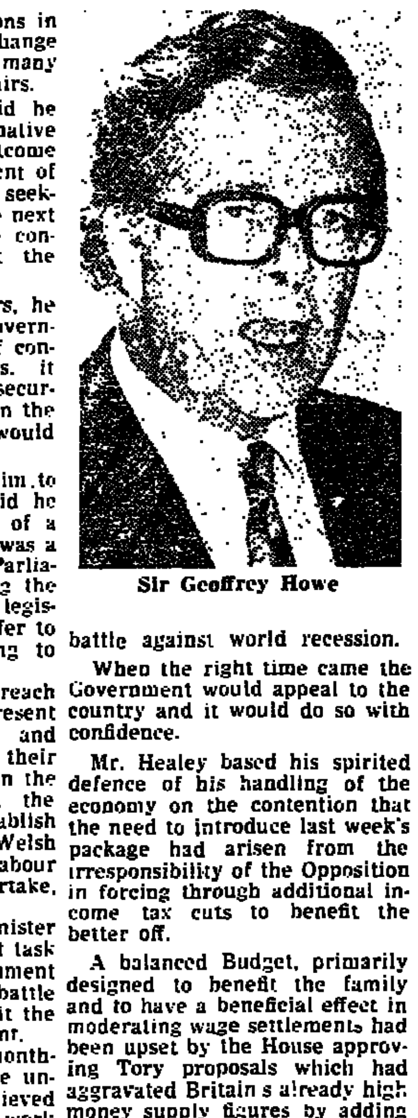
Backed by Labour cheers, he asserted that even if the Government was denied a vote of confidence by the Commons, it would have no difficulty in securing one from the country in the general election which would certainly follow.

When Tory MPs urged him to "try it," Mr. Callaghan said he did not fear the outcome of a general election but there was a great deal of unfinished Parliamentary business, including the passage of the devolution legislation, which he would prefer to see concluded before going to the country.

If these Bills did not reach the Statute Book in the present Parliament, the Scottish and Welsh people would lose their opportunity to participate in the devolution referenda, and the legislative process to establish the Scottish and Welsh assemblies, which only a Labour Government would undertake, would have to begin again.

But the Prime Minister emphasised that the biggest task of all which the Government wished to pursue was the battle against inflation, and with it the overcoming of unemployment.

While there would be month-to-month fluctuations in the unemployment figures, he believed that the total number out of work would continue to fall over the next 12 months, provided that it proved possible to succeed in the battle against world recession.



Sir Geoffrey Howe

When the right time came the Government would appeal to the country and it would do so with confidence.

Mr. Healey based his spirited defence of his handling of the economy on the contention that the need to introduce last week's package had arisen from the irresponsibility of the Opposition in forcing through additional income tax cuts to benefit the better off.

A balanced Budget, primarily designed to benefit the family and to have a beneficial effect in moderating wage settlements had been upset by the House approving Tory proposals which had aggravated Britain's already high money supply figures by adding £500m to the public sector borrowing requirement.

As a result, the financial institutions had failed to buy Government stock on the necessary scale and this in itself had led to a further increase in the money supply figures.

At the same time, there had been an acceleration in bank lending, and retail sales had been rising exceptionally fast.

Mr. Healey said that the Government had decided to take action in good time to break the deadlock in the gilts market and to demonstrate its intention to keep the money supply under control with a package which had restored the integrity of the Budget judgment in both the fiscal and monetary fields.

These measures had already been "a resounding success."

Mr. Healey quoted the leading article in last Saturday's Financial Times in supporting market expectations of the first of a probable series of small cuts in the minimum lending rate in a matter of days or at most a few weeks.

The Chancellor stressed amid Labour cheers, that the mortgage rate at 9¾ per cent was still 1¼ per cent below that in operation when the last Conservative Government left office.

Dealing with the effects of the so-called "corset" restrictions, on bank lending, Mr. Healey maintained that there would still be room for sufficient lending to British industry to keep expansion on the path laid down in the April Budget.

As the Financial Times had stated, this latest "squeeze" was mild by past standards, certainly when judged against that introduced by Lord Barber in 1973, and would have little effect on the sharp rise in industrial investment now expected by both the CBI and the Department of Industry.

There was scornful laughter from the Tory benches when Mr. Healey suggested that he might take action in next April's budget to mitigate the full effects of the 2½ per cent rise in the National Insurance surcharge. This, after raising the additional £500m needed this year to offset the effect of the additional tax cuts, would yield £1,500m in a full year.

Mr. Healey admitted to having being reluctant to impose the surcharge but argued that it was preferable to the alternative courses advocated by Opposition leaders.

The Chancellor reaffirmed the Government's view that inflation will remain at or about its present level for the rest of this year, but stressed that from December onwards, the rate of inflation would depend increasingly upon the level of wage settlement in the round beginning in August.

For the Tories, Sir Geoffrey referred to the Liberals as "rats rejoining a sinking ship."

Of the decision to make the vote a matter of confidence, Sir Geoffrey said that "at this eleventh hour, the Government has decided to invoke the tattered remains of what is left of the Lib-Lab pact."

He attacked the Chancellor's "disastrous" record as a combination of "ignorance matched by incompetence, recklessness matched by deceit." Mr. Healey was "laying the foundations for a stagnant and an impoverished society."

Sir Geoffrey said that those who made the most valuable contribution to society were the most severely punished.

The Chancellor's disastrous record was made worse by Mr. Healey's attitude of "unrepentant arrogance."

He quoted Liberal statements attacking the Chancellor, including a headline in the latest issue of Liberal News, stating "Healey must go."

"We hope the Liberals will have the courage of their failing conviction," he said.

Sir Geoffrey said the Chancellor had "presided over a strategy for the demoralisation and destruction of British industry. He is always either claiming credit for the miracles to come or blaming his predecessors when they fail to arise."

## Liberals 'irritated' by policy switch

MR. DAVID STEEL, the Liberal leader, said that if the debate had been simply ticking off the Chancellor "I and my colleagues would have had no hesitation in voting against him tonight."

The Government was right to consider that a vote against the Chancellor would be a defeat for the Government as a whole.

"It would cause havoc in the markets and Labour would be quite right to go to the country if the motion of censure on the Chancellor was passed.

"We have to consider whether it is right to allow our natural irritation with the Chancellor to bring about the downfall of the Government and destroy the programme of legislation we have embarked on and destroy all that has been achieved over the past 18 months."

Mr. Steel said that if these debates were going to be held they should either be a ticking off for the Chancellor—"He wouldn't know a penitent's stool if he saw one"—or a serious economic debate.

He also criticised the Conservatives for not allowing the Commons to debate their own policies.

Inflation in the three months before the Lib-Lab pact had been 21.6 per cent.

"I have no hesitation in saying, although it may not have done my party any good, that we were absolutely right to stick through the programme of economic recovery which has brought inflation down to roughly 8 per cent. That should not lightly be set aside."

Mr. Steel said that he understood the Government's objection to the Liberals proposals, on the grounds that they would put up the Retail Price Index when the Government was trying to counter inflation.

This was why the Liberals' discussions with the Chancellor before the Budget had been on employers' national insurance contributions.

The Liberals had proposed a 1½ per cent increase. They were told it was wrong because it was an employment tax and, even if it was right, it could not be done this year.

"Yet we find in June that it is possible and acceptable at a higher rate."

It was a different matter to increase the surcharge combined with cuts in the higher rates of tax and to do it after a 3½ per cent increase in the minimum lending rate.

Mr. Steel said that that was the cause of their irritation and anger with the Chancellor.

## Prior attacks Labour employment record

MR. James Prior, Shadow Employment Secretary, said that MPs had heard the Chancellor of the Exchequer at his worst—at his most arrogant, at his most cynical and at his most inexcusable.

"There is always someone else to blame. It is what other countries are doing, or that business has not invested, or that wages have gone up too quickly or that the world economy has been expanding too fast or too slowly.

"I must say to Mr. Healey, on the 14th Budget that he has introduced, that there are some people for whom one cannot truthfully say that practice makes perfect. It certainly does not in the case of the Chancellor."

He reminded the Government that it fought the October 1974 election saying that unemployment was coming down, that inflation was under control. Mr. Healey had said there was no need for unemployment to reach one million.

"They have forgotten all that. They try and try again to pin the mistakes that they have made constantly and consistently over the last four years on the money supply problems of 1972-73 and it does not wash." said Mr. Prior.

Mr. Prior said that fear of a sterling crisis made the Chancellor act. It was not the tax cuts. It was a far deeper and far more serious crisis which began long before there was any question of tax cuts.

He said the Government had become a bad risk. It had to borrow and pay over the odds for the money at high rates. The public was not yet aware of the desperately serious state of our industry, he said.

Mr. Prior claimed: "I think the trade unions have behaved with remarkable responsibility. They have been treated shabbily by this Government.

"The Government offers confrontation—confrontation with the dole queue and higher prices."

Mr. Prior said he had never thought he would hear a socialist Chancellor cheered by his own side in the House with unemployment at 1.4m—and that figure would rise with his latest measure.

Last week's squeeze was "panicky," he claimed—and would cost the average British industrial worker £100.

"He (Mr. Healey) seems to spend most of his life in the political gutter—and I am not going to follow him there."

Amid loud jeers from the Government, Mr. Prior wound up his speech by quoting words from a person he simply called "an American."

The unnamed man made the following speech: "If we promise we must deliver; if we propose we must produce; if we ask for sacrifice we must be the first to give; if we make mistakes we must admit to them.

"We must provide the people with a vision of the future that is attainable."

He blamed the country's 1.4m unemployed on the bad management of the Chancellor. "He has misled the country and remains in office against our wishes. It is long overdue that he should give up his job."



# Equal rights to property recommended

BY RUPERT CORNWELL, LOBBY STAFF

HUSBANDS and wives should by law, normally be equal owners of their homes unless they agreed otherwise, the Law Commission recommended yesterday.

The new rules would apply to freehold and leasehold properties and council tenancies.

This is the most important suggestion of a 400-page report from the Commission, chaired by Mr. Justice Cooke.

It also proposes that either marriage partner should be able to seek the court order giving him or her the right to use household goods owned by the other.

The report is split into three sections, which deal with co-ownership, rights of occupation, and enjoyment of household goods.

Each is followed by a draft Bill which if normal practice is followed, will become the basis of detailed legislation in the Commons within about two years.

The five-person Commission is a non-political body established 13 years' ago to examine law reform.

The latest proposals are bound to arouse some controversy although the Commission has framed them only after exhaustive social surveys which indicate that most people are in favour.

Co-ownership, it argues, reflects the modern view of marriage as a partnership, with equal contributions from either side.

It was only fair that the wife (or husband) should have an equal stake in the home, and the recommendation would apply as much to properties owned by the wife as by the husband.

The Commission stresses that co-ownership can be avoided if both parties so agree.

Nor do the new proposals cover the rights and obligations of common law wives or their male equivalents, an issue which raises problems going well beyond property law.

The report also backs the view that a deserted wife or husband should have the automatic right to apply for a court order giving him or her the entitlement to use household goods remaining in the home, including the family car.

Moreover, a wide measure of discretion would be left with the courts. Anyone who disposed of such goods in defiance of an order would be forced to pay lump sum compensation, the Commission says.

## Tax relief hint too limited for Tories

BY IVOR OWEN, PARLIAMENTARY STAFF

SOME EXTENSION of the capital gains tax relief provided in the Budget to cover certain categories of inter-company loans between members of the same group is to be considered by the Treasury with a view to producing an amendment to the Finance Bill at the report stage.

At issue is the scope of Clause 40 which provides that irrecoverable losses on loans to traders made after April 11, 1978, and guaranteed payments in respect of such loans, should be allowable for capital gains tax purposes.

The prospect of a limited concession, held out by Mr. Denzil Davies, Treasury Minister of State, yesterday, in the Common Standing Committee considering the Bill, failed to satisfy Tory MPs.

They forced a division on an amendment — defeated by 15 votes to 13—which would have opened the way for relief to be given in cases where the creditor company's loss arises on an ordinary loan.

Tory MPs gave an unreserved welcome to the promise of a further concession on Clause 39 which increases the maximum capital gains tax retirement relief from £20,000 to £50,000 for an individual aged 65 or over, who disposes of a business, with a corresponding proportion for individuals aged between 60 and 65.

Mr. Joel Barnett, Chief Secretary to the Treasury, said a change to be introduced at report stage would reflect the principle of a Conservative proposal by allowing the relief to be applied on a sliding scale. He explained that this would be an improvement on the normal marginal relief.

Mr. Barnett also made it clear that the talks which he is to have with Tory MPs and their tax legislation advisers on various aspects of the capital gains tax will include consideration of the feasibility of giving legislative form to existing extra-statutory concessions.

## Shipowners examine tanker conditions

BY LYNTON McLAIN

REPRESENTATIVES of British shipowners are conducting an investigation into the social conditions aboard oil tankers, a House of Commons committee was told yesterday.

The aim is to find out what motivates seamen and masters of vessels and what routes and operating conditions they are best suited for.

The survey is being carried out by the General Council of British Shipping and the International Chamber of Shipping.

Mr. George King, the chamber's chairman, gave details of the survey in reply to Dr. Jeremy Bray (Lab., Motherwell and Wishaw) a member of the committee, who had asked about shipboard drunkeness.

Dr. Bray, who wanted to know if officers of oil super tankers were required to take a breathalyser test before going on watch said it was very easy for standards of behaviour to fall on ships during long voyages.

Mr. Claud Walder, executive secretary of the independent oil companies, International Marine Forum, said this was not necessary. Of the 28 accidents to tankers in the English Channel and Western approaches between 1960 and the end of last year, only ten had spilled oil. He thought none of the accidents was caused by alcohol.

Rear Admiral Peter Graham, Secretary General of the chamber, said improved qualifications of ships' crews should be a top priority.

## Wigg secures change in devolution Bill

THE GOVERNMENT was defeated by 15 votes (76-61) in the Lords yesterday over a proposal by Lord Wigg (Lab.) to remove betting and gaming from the Welsh devolution Bill.

Lord Wigg, who succeeded in making a similar change to the Scotland Bill earlier this week, said he was supported by all the statutory bodies connected with racing, including the Horse Race Betting Levy Board and the Tote.

"The work of the Levy Board and the Tote have been of substantial interest to the country and should not be torn up in pursuit of a political chimera, the results of which are quite obscure," he added.

One of the merits of the bodies connected with racing and gaming was that they operated in the British way.

Lord Harris of Greenwich, Minister of State at the Home Office, said the Assembly would have no legislative competence but would be operating within the framework of the existing law.

"Betting and gaming are primarily a matter for social or recreational activity, for which it is wholly appropriate for an elected assembly to have direct responsibility."

The Government suffered a second defeat, by 47 votes to 40, on a Tory proposal to ensure that the Assembly complies with a section of the 1944 Education Act dealing with county and voluntary schools.

## MPs throw out proposal to restrict direct labour

MR. FRANK ALLAUN (Lab., Salford E) accused the building industry of "remarkable incidences of corruption" in the Commons yesterday.

He was attacking a bid by a Tory MP to bring in a private members' Bill to restrict the use of direct labour building departments by local authorities.

The Direct Labour (Restriction of Works) Bill, proposed by Mr. Michael Morris (Northampton S), was later rejected by MPs by 212 votes to 198, a majority against of 14.

Mr. Allaun described the Bill as a "reactionary attempt to stop councils from building their own council houses," and went on to refer to the "fear and hostility" towards direct labour by directors of big building firms.

Direct labour building, he argued, brought important benefits to the community, and saved for the tenants and ratepayers the profit that would otherwise go to shareholders. By the competition it provided, it helped to cut the prices tendered by private builders.

Mr. Morris had earlier said he wished to see an end to direct labour being contracted by local authorities, or any public undertaking, for any form of new construction. Any contract worth over £5,000 should go out to competitive tender.

He believed direct labour operations should become separate trading services, subject to chartered accounts.

## Blacklist tenders challenge by Tory

By Our Parliamentary Staff

MR. PETER SHORE, Environment Secretary, said yesterday that he did not believe local authorities would be challenged by the District Auditor if they refused to give contracts to firms who submitted the lowest tender but were on the Government's pay policy black list.

However, he made clear that he could not give a complete guarantee of immunity from such action.

Mr. Shore was challenged by Mr. Norman Tebbit (C. Chingford) over the Government's delay in issuing advice to local authorities concerning the application of sanctions to firms which had breached Phase Three of the pay policy.

Mr. Tebbit said that only a few weeks remained of the current pay policy in which the Government could issue advice.

He suggested that the delay was due to the fact that the Government had been advised that councillors who incurred extra expenditure through refusing the most advantageous tender merely to comply with Government policy that lacked the force of law would risk being surcharged for that expense.

Mr. Shore did not accept completely the MP's assertion but said it would be for a council to decide whether its actions could be justified if they were challenged by the District Auditor or in the court of law.

"Since the whole purpose of pay policy is to achieve what we consider to be a major policy in the national interest, I would be very surprised if local authorities get into any difficulty on that account," he said.

Mr. Shore added that the Government was considering how best to co-ordinate public purchasing and public contracts to see if the supply of orders could be smoothed regionally and nationally.

## Sanctions on 24 firms

A TOTAL of 24 firms are now being subjected to economic sanctions for having negotiated pay settlements above the Government's 10 per cent limit, Mr. Joel Barnett, Chief Secretary to the Treasury, said in a Commons written answer last night.

Mr. Harold Walker, Employment Minister of State, told MPs that since July 31, last year, major settlements under the current pay policy had been reached covering over 7½m workers, "the overwhelming majority within the policy."

He said the Employment Department's comprehensive monitoring covered only major settlements which related to about half the total labour force.

## By-elections likely on July 13

By Rupert Cornwell, Lobby Staff

FINAL local party selection conferences this weekend will choose Labour's candidates to fight the vacant seats of Penistone and Manchester Moss Side. This means that the by-elections are likely to be held on July 13.

Penistone, the safe Yorkshire seat formerly held by the late Tribunite Mr John Mendelson will make its choice on Saturday. The Moss Side constituency party will decide on Sunday who will defend the somewhat more precarious Manchester seat.

In both cases the selection processes have been speeded up on the order of 10 Downing Street, to ensure that the Prime Minister has the option of a further test of public opinion before his own decision later in the summer on whether to call an October general election.

However, from Labour's point of view, the sooner in July the two polls are held, the fewer problems there will be with voters on holiday. The first feasible date after the selection conferences is July 13.

On current form between the two parties, Penistone, where the Conservatives require a swing of just over 15 per cent from Labour to win, looks impregnable.

But at Moss Side, they need a swing of only 6.4 per cent to take the seat held by the late Mr. Frank Hatton, a feat definitely within the Tories' scope.

Although Labour planners are careful to emphasise that the smallish inner-city seat may not be too reliable a guide to national voting intentions, Manchester is a focal point of the North-West region, which abounds in marginals vital at the general election.

## Managers to see Healey

Financial Times Reporter

SIR DEREK EZRA, chairman of the British Institute of Management, will lead a delegation to meet Mr. Denis Healey, Chancellor of the Exchequer, for a working dinner at No. 11 Downing Street on June 21.

The Institute, which claims more than 57,000 members, will express its disappointment that Mr. Healey failed to ease the pressure on pay differentials between managers and the rest of the working population through tax concessions in his April Budget.

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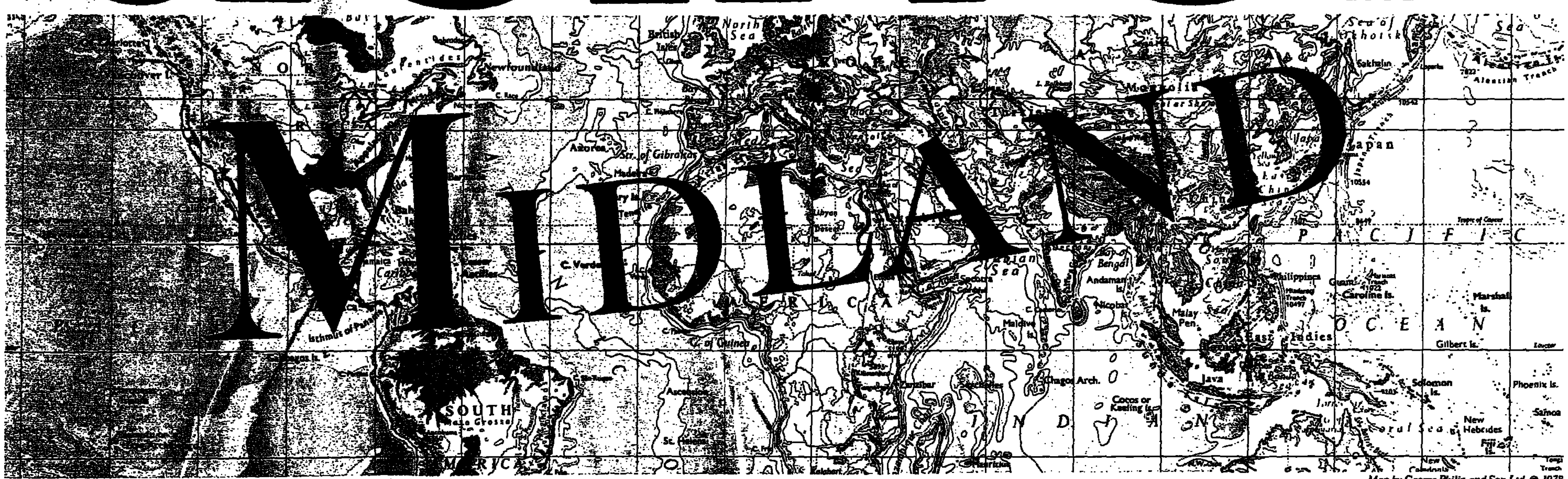


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THE JOBS COLUMN

# Chance—and warning—for a would-be writer

BY MICHAEL DIXON

"I COULDN'T stand working to deadlines," is a frequent first comment from people who meet me and learn that I am a daily paper journalist. My reaction is to wonder why that particular working condition should bother people so.

After all, virtually everybody has to work to time limits of some sort. What bothers the layman must therefore be the idea of finishing by 12 minutes past three this afternoon, as distinct from getting something done before you go home on Friday night. But given that in both instances the worker is expected to do only the best he or she can in the time available, I cannot see that either is preferable.

Once a person has become used to doing things quickly to fairly broad tolerances, it could well be harder to make the change to working more slowly to highly precise standards, than to change the other way round.

The reason is that by constantly working to short-run deadlines, journalists tend to develop a sort of self-handicapping sense of the minimum time it will take them to accomplish a given task. As a result, if they have more than this minimum time available, they will use the extra allowance in delaying the start of the work.

This is why the late Sir Desmond MacCarthy suggested, as a professional motto for journalists, the chilling phrase: There is always another quarter of an hour!

I say this because Dave Watts, editor of the magazine Money Which?, has come to the Jobs Column with a post which offers one of the increasingly rare opportunities to get into journalism. And since one of the conditions is an ability to "stick to strict deadlines," I suspect that the lay public's unjustified worry about working to short-run time limits might otherwise deter perfectly adequate youngsters from applying for the job.

Its title is financial researcher. But the tasks include writing as well as assembling the information for articles in Money Which?, whose main aim is to give the general public the know-how they need to run their financial affairs in a sensible way.

The topics covered by the magazine include investment, mortgages, tax, insurance, and employment. In addition, it carries explanatory articles on broad economic issues of the day such as "Is Britain Over-Taxed?", "Inflation", and even the EEC's Common Agricultural Policy.

Whoever is engaged for the job will be responsible for her or his own reports from their origination as ideas to their being printed in the magazine. The work includes deciding what needs to be covered in a report on a particular topic; doing original research and commissioning any extra surveys or statistical exercises required from outside analysing the material and doing the writing.

## The pain

At that point, I would bet, anyone without journalistic experience who joins Money Which? will find themselves wishing that they had done anything other than take the job.

The reason why we hacks tend to delay starting, you see, is that writing is the kind of excruciating activity than nobody in his right mind would start before he absolutely has to. It was Bernard Levin, I think, who lately estimated that he must have eaten 200 tons of digestive biscuits in his working life so far, simply because, at any given moment, there are always far better reasons for eating a digestive biscuit than there are for starting an article.

So there, for the benefit of any reader who wants to become a writing journalist, is the secret. The difficulty is not writing to deadlines. It is writing at all. For the bulk of us, if we did not first take the relatively easy step of committing ourselves in advance to deadlines, we would never produce anything.

The only parallel in my experience lies in my attempts to become a high-grade judoman, which involves fighting other people who for some reason always seem to be bigger and fiercer than you are.

When kneeling to face one of them across the mat just before the start of a serious contest, I invariably found myself thinking the same thing. It was "If only I had taken the precaution of not coming to this place today, I would not now be in this desperate situation." But having gone there, and with the contest unavoidable, I muddled through somehow and sometimes won.

No doubt whoever *goes to* Money Which? will find the same. If so, it may be a comfort to the recruit to know that while the pain of writing never gets any less, you learn over time to bear it more cheerfully.

Given the initial foolhardiness, candidates for the job will also need the ability to solve complicated intellectual problems, to cut through obscure detail, jargon and "popular mythology" to the nub of the issue concerned, and to express complex concepts in terms which are readily understandable to the lay reader.

Mr. Watts thinks that this prescription implies the need for a good degree, but from my own experience of a good many honours graduates I would conclude that the two things are necessarily connected.

He also prescribes at least a year in the working world since graduating. While work of a financial nature during this period would certainly be no disadvantage, familiarity with monetary matters is less important than the possession of "a lively, inquiring mind and the ability to think clearly and concisely."

The newcomer will, by the way, be able to call on the aid of a panel of independent financial experts retained by the magazine as consultants.

There will be a starting salary of around £5,450 for the initial 12-month trial period which, successfully completed, would be followed by a three-year contract. Working hours are 10 a.m. to 6 p.m.

Applications outlining your experience should be sent to the personnel manager, Which?, The Consumers' Association, 14 Buckingham Street, London WC2N 6DS. Dave Watts would probably be willing to answer relevant inquiries telephoned to 01-839 1222 — deadlines permitting, of course.

And having dwelt earlier on the strains of being a journalist, I'd better say now that I would not change it for any of the other ways of earning a near-living that I know about.

★

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Our client is a leading international bank, currently operating at its London office a mechanized accounting system which is shortly to be replaced by a mini-computer system utilizing visual display units.

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The appointee will initially play a prominent role in managing the installation of the new system, an assignment which will develop into a Senior Control/Accounting appointment.

**DOCUMENTARY CREDITS** £ negot.

Our client is an international bank in London. Due to continued growth of the bank's substantial Documentary Credits business, there is a need to engage an additional person with in excess of 10 years varied experience in this field; candidates should have experience in all aspects of Documentary Credits work, including Guarantees of all types.

The position carries a generous salary and fringe benefit package, including profit-sharing, which will be amply attractive to candidates currently earning in excess of £6,000 p.a.

We can currently also offer several rather less senior appointments in this field, with salaries in the approximate range £4,000-£5,000.

*To discuss the above opportunities in confidence, please telephone ROY WEBB or KEN ANDERSON.*

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

# Managing Director Civil Engineering Contractors *United Kingdom*

The Board of a prominent and successful civil engineering contractor, active both in the U.K. and overseas, plans to appoint a new Managing Director, aged around 50, to lead the Company over the next decade. The remuneration package is unlikely to be a limiting factor and the successful candidate is expected to be currently holding a deputy chief executive or similar position in a middle sized U.K. contractor or one of equivalent responsibility in a large company.

*Please reply to us quoting reference MD/1291/FT on both envelope and letter, enclosing a full curriculum vitae. Letters will be forwarded, unopened, to our Client. If there are any companies to which you do not wish your application to be sent, please indicate this in a separate letter addressed to the Security Officer.*

**Urwick Group Advertising Ltd** Baylis House, Stoke Poges Lane, Slough SL1 3PF

# KLÖCKNER

Klöckner INA plans, supplies, erects and finances turnkey industrial projects. We are an affiliated company of the Klöckner Group of Duisburg, West Germany. We wish to engage a

## SALES MANAGER

The applicant's age will be in the range 30 to 40 and the applicant will have a successful record in the industrial plants export business, either in a manufacturing, engineering, trading company or in a merchant bank.

Basic knowledge of German or French would be desirable but not a pre-requisite. The applicant must have an ability to establish contacts and negotiate projects throughout the world and to head the Sales Department of our Company.

The position carries with it the chance of a directorship in return for successful performance. The position is ideal for a first-class sales manager who is the number two in the present organisation but wants to acquire board level status within the foreseeable future.

Applications should be submitted in writing to Mr. H.-J. Pretzell, Managing Director, and will be dealt with quickly.

**Klöckner INA Industrial Plants Limited,**
Berkeley Square House, Berkeley Square, London W1X 5PA. Telephone: 01-492 0192.

## DEALERS

Two well established City banks have positions for foreign exchange dealers in their mid twenties with a minimum of two years dealing experience. A vacancy has also arisen for a sterling and gilt dealer again with at least two years experience. The salaries for these positions will be up to £7,000 per annum with the usual fringe benefits.

### STERLING DEALERS ASSISTANT

This position is open to people with in depth experience of the sterling operations of a bank, to include knowledge of accounts, positions, settlements, sterling inter bank market, C.D.'s, etc. Age range preferred is between 24 and 32, salary: £5,500.

### SENIOR FOREX

An international bank requires a person in their mid twenties, with an extensive knowledge of all aspects of foreign exchange. This position affords excellent opportunities for advancement within the bank and the salary will be up to £5,500.

These positions are open to male or female applicants

*BSB Banking Appointments*

*115-117 Cannon Street, London EC4N 5AX Telephone 01-623 7317 & 01-623 9161*

Recruitment Consultants

# FINANCIAL CONTROLLER

## MID/LATE 20's

**Woking, Surrey. c. £8,000 + Car**

Providing specialist consultancy services in town planning, architecture and engineering, our client, the subsidiary of a Candian Group, is currently handling a major design contract for a Middle Eastern development project.

Reporting to the Managing Director, the Financial Controller will be responsible for further systems development, the preparation of accounts, administration, and the provision of financial and commercial advice concerning project development.

Applicants, qualified accountants aged in their mid/late 20's, should have experience in a commercial/industrial environment. Whilst with the presence to effectively interpret performance to management of varying disciplines and positively contribute to corporate development they should also be prepared to become involved in routine accounting functions.

**For more detailed information and a personal history form, please contact Nigel V. Smith, A.C.A. or Peter Dawson quoting reference 2164.**

Commercial/Industrial Division

**Douglas Llambias Associates Ltd.**
Accountancy & Management Recruitment Consultants,
410 Strand, London WC2R 0NS. Tel: 01-836 9501
121 St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

# TWO SENIOR MANAGEMENT POSITIONS MIDDLE EAST

Our client, a rapidly-growing and highly-regarded, multinational manufacturing and trading company headquartered in the Middle East, seeks two outstanding senior executives.

## VICE PRESIDENT—CHIEF FINANCIAL OFFICER

Reporting to the President, the Chief Financial Officer will have responsibility for developing and implementing all corporate-wide policies, practices, and procedures with respect to treasury, accounting and financial control activities. He will develop and maintain internal reporting and control procedures, and serve as the principal catalyst in the financial planning process. Responsibilities will cover such areas as commercial and investment banking relationships, corporate capital structure, external financing, liaison with external auditors, acquisition and venture analysis, and review and analysis of subsidiary operating results.

The position calls for an accomplished financial professional having at least 10 years of broad-based, international financial expertise with solid grounding in treasury, control and financial planning. Experience in evaluating investments, joint ventures and acquisitions, as well as with external financing on an international scale is essential. The ideal candidate will be a self-starter who has worked effectively in a relatively unstructured environment, has strong communications skills, a stable, mature personality, and appreciates the challenges associated with a rapidly-growing organization.

## VICE PRESIDENT— CONSUMER FINANCE OPERATIONS

The Vice President—Consumer Finance Operations will have profit and loss responsibility for the operation of the Consumer Finance Division. He will be responsible for all marketing, financial and administrative functions, and will initially supervise a staff numbering more than 160 people.

The position calls for a strong entrepreneurial and imaginative leader who has had at least 10 years of broad operations and general management experience either in a consumer or commercial finance operation. Background should include in-depth credit and collection experience and proven administrative abilities. It is essential that he have demonstrated the ability to manage all aspects of a multiple location business and have an understanding of computer applications. Again, strong communications skills are necessary as well as a stable and mature personality and he must be self-confident, recognizing and appreciating the challenges of building a new organization and developing subordinate talent.

In each position, a most attractive compensation package is offered consisting of a substantial base salary supplemented by an outstanding incentive plan and other fringes including automobile, and furnished housing. Future opportunity in this growing company is limited only by the capability and performance of the successful candidate. If you are both interested in and qualified for either position, please write to us as the company's executive recruiting consultants:

Write Box A.6387, Financial Times,
10, Cannon Street, EC4P 4BY.

# Stockbroking

## Insurance Specialist

Our client is a medium sized firm with a first class reputation for specialist research. The firm wishes to expand its existing team covering the insurance industry by recruiting an additional person with experience in this sector.

Applicants will ideally be Actuaries, Accountants or Graduates, aged 25-35, with a sound knowledge of the Composite and Life Assurance companies.

Remuneration is negotiable and will certainly be commensurate with the experience and ability of the successful candidate. The position offers excellent prospects for advancement including the possibility of a partnership in due course.

Please contact F.J. Stephens who will treat all enquiries in the strictest confidence.

**Stephens Selection**
35 Dover Street, London W1X 3RA. 01-493 0617
**Recruitment Consultants**

# LEASING OFFICER

Manufacturers Hanover Leasing wish to recruit a Leasing Officer for its London-based operation. The successful applicant will be responsible for negotiating the lease/finance of major capital assets and will report direct to the Marketing Director.

Candidates will be in the age range 25-35 and possess a proven record of success within the specialised field of equipment finance.

Salary will be commensurate with experience, a car is provided and there are fringe benefits consistent with those of major banking institutions.

In the first instance, write in confidence giving details to:

Mr. A. W. Dukes
Manufacturers Hanover Leasing UK Ltd.
22 Austin Friars, London EC2N 2EN

# James Capel & Co.

## ACCOUNTS EXECUTIVE

We need an additional Accounts Executive who will be working in the department which specialises in the management of trust portfolios, with particular emphasis on overseas business. Some experience in this field will be required, and the successful applicant is not likely to be aged under 25.

Applicants should send a brief curriculum vitae, including salary history, to:

D. Schulten
JAMES CAPEL & CO.
Winchester House
100 Old Broad Street
London EC2N 1BQ

# Industrial Projects Controller (Accountant)

A London appointment with a British corporation which identifies new processes and products and funds their development and subsequent profitable exploitation by industry. It draws its income from patent licensing activities, levies on sales and dividends; immediate funds £50m.

Reporting to the finance director the controller will evaluate financial and commercial features of industrial development proposals, including the financial capability of firms involved, recommend funding methods and monitor subsequent expenditure; professional staff of eight.

Candidates aged 35 to 45 must be qualified accountants with considerable senior experience in industry including acquisitions and related company investigations preferably in high-technology sectors.

Five-figure salary negotiable, comprehensive benefits, re-location assistance.

Please send letter of application and career résumé – in confidence – to Dr. E. A. Davies ref. B.40333.

*This appointment is open to men and women.*

**MSL** Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

# Accountant

for the London branch of an international bank with an outstanding record of profits and good management. A successful performance in this post could lead to advancement after a few years.

Aged 28 to 35, candidates must be chartered accountants with experience in the commercial field, preferably in banking. This must include multi-currency accounting. Pensions experience would be an advantage.

Salary £7,500 to £8,500. Non-contributory pension, low interest mortgage and other fringe benefits.

Please send relevant details – in confidence – to P. Hook ref. B.26403.

*This appointment is open to men and women.*

**MSL** Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

**Charles Barker**
Confidential Reply Service

*Please send career details, listing separately employers to whom we should not forward your reply, to Charles Barker Recruitment Ltd., 19th Floor, Kennedy Tower, Snow Hill Queensway, Birmingham B4 6JB.*

# FINANCIAL CONTROLLER

## c.£11,000 and car

## West Midlands

Our client, a major company in the automotive engineering industry is now seeking to appoint a top flight financial specialist to join their senior management team.

The duties of this interesting and highly responsible key post, which reports direct to the Managing Director include the effective control of:- general accounting; cost accounting and analysis; budgets; investments; E.D.P. and systems; tracking the Plant's performance against set criteria; analysing variants to forecast and making recommendations to consolidate and improve the Plant's profitability.

Applicants mid 30s/40 years of age with a good educational background, and preferably a relevant degree, should have at least seven years' in-depth experience and a thorough practical understanding of financial control (preferably gained within an engineering environment) as opposed to accountancy. The confidence and ability to manage staff in a tactful and efficient manner is necessary.

A willingness to travel abroad, initially for about four weeks, is essential.

Conditions of employment are first class and include good fringe benefits.

Relocation expenses will be paid.

This post offers an excellent career opportunity for a self motivated professional male/female, within an expanding and progressive company which is part of an international group.

*Please quote reference M.248*

## STOCKBROKING

### INVESTMENT ASSISTANT to c.£5000

Our client, a progressive medium-sized firm of stockbrokers, is continuing a programme of expansion within the private client and banking department. A vacancy has been created for a person with previous experience to assist in the banking sector and suitably qualified personnel aged 20-32 are invited to contact us. The successful applicant will receive a competitive salary, bonus and other benefits. Please telephone Mrs. Lewis on 01-588 5752 or write in confidence to Birch's Employment Agency, 54 New Broad Street, E.C.2.

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Richard Owen Associates (Staff Agency), 56 Moorgate, EC2R 6EL.
Tel: 01-638 3833 24 hours

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# Procurement Management

## Over £8500

Our client is a leading company in the high volume electronics industry. To enable them to continue to compete successfully in their growth markets, they are now looking for a procurement specialist with exceptional ability. A man or woman who can negotiate and conclude cost-effective contracts in WORLD markets.

With over £10m purchasing power, this presents a tremendous challenge to an experienced professional, already in a similar position with a major electronics company.

Naturally, as Procurement Manager, you will have considerable support, with a staff of around 25 people.

You will have 10-15 years' experience in the function and be educated to degree level. Although not essential, our client's preference is for a Chartered Engineer who has some knowledge of computerised production control. You must, however, have practical experience of procurement in the USA and Japan as well as Europe, not only in electronic components, but also in complete assemblies from OEM's.

*Interviews will be held in Central London and regionally within 21 days.*
*Please write with full CV and in confidence to the consultant advising on this appointment:*

**Trevor B. Lee, Managing Director, Executive Projects Limited,**
**Shears House, 995 High Road, London N12 8QX. Tel: 01-204 0862**

# Investment Management

BA Asia Limited, Hong Kong has two important positions to fill in its International Investment Management Service Unit.

## Portfolio Manager — Marketing Specialist

Applicants must have a degree, excellent professional qualifications and at least five years experience in their respective fields of investment/portfolio management or the marketing of investment products. Applicants must be willing to live and work in Hong Kong. A knowledge of foreign languages and work experience in South East Asia is desirable, but not essential.

Attractive salaries will be offered, reflecting experience, and benefits are in line with normal banking practice.

Only qualified candidates, male or female, should apply. Please send complete career details, in full confidence, to the Director of International Investment Management Service, at the address below, who will arrange for initial interviews in London.

**BANK OF AMERICA** International Ltd.,
Att: IIMS, St. Helen's, One Undershaft, London EC3A 8HN.

# TRADE FINANCE INTERNATIONAL LTD.

As its name describes, T.F.I. specialises in the finance of international trade. Although new to the market, it has experienced management and adequate resources via its Zurich based parent bank.

It now needs another good inside person, experienced in documentary procedure and E.C.G.D. matters. Ideally, the candidate will have an Export Finance House or Confirming House background.

Terms of employment will be attractive to the right person and salary will not be a barrier in a dynamic Company, where there will be ample opportunity to grow in an expanding environment.

Write with full c.v. and salary progression to:
The Managing Director
TRADE FINANCE INTERNATIONAL LTD.
50 Gresham Street, London EC2V 7AY

# BARCLAYS BANK LIMITED

wish to fill two senior positions in the

## CHIEF ACCOUNTANT'S DEPARTMENT
## POOLE, DORSET

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**QUALIFIED ACCOUNTANT**

The post of FINANCIAL ACCOUNTANT is concerned with the preparation of the Group's half-yearly and annual accounts and attendant financial planning and accounting development.

Selection criteria include: an accounting qualification; experience of multi-national consolidation as auditor or accountant; aptitude for statutory matters — corporation tax, Price Commission, EEC and SEC regulations; age 24–32. Ref. 928/FT

**BUSINESS GRADUATE OR QUALIFIED ACCOUNTANT**

The post of COST ACCOUNTANT is concerned with development and management of the costing system for the U.K. branch banking network.

Selection criteria include: business degree or accounting qualification; costing or management services experience; aptitude for numerical analysis and problem solving; age 24–32.
Ref. 929/FT

Both positions offer opportunities for career progression within the Department and the Group and many fringe benefits including a non-contributory pension, house purchase and profit sharing schemes.

Please send a comprehensive career résumé, including salary history, and quoting the appropriate reference number, to:

W. L. Tait,
Touche Ross & Co., Management Consultants,
4 London Wall Buildings,
London EC2M 5UJ.
Tel: 01-588 6644

# Managing Director

## Midlands

Our client is a major Public Group who wish to appoint a Managing Director to one of their successful Engineering Companies. The Company with a turnover in excess of £3 million has an excellent history of growth and profit achievement and produces high quality precision engineering products, in demand both in the UK and overseas.

The Managing Director will have total responsibility for the Company and the immediate objective will be to further develop the Company and to achieve a high return on the investment.

For this demanding and challenging appointment it is essential to have a proven record of success in general management of an engineering company with clear evidence of both commercial and financial involvement. Formal engineering qualifications could be advantageous.

Rewards will include a basic salary between £11,000-£12,000 p.a., plus bonus and normal fringe benefits, including a company car. The above appointment is open to both men and women.

Please apply in confidence for application form to D. G. de Belder. Knight Wegenstein Limited. 75, Mosley Street, Manchester M2 3HR (Tel: 061-236 0987), quoting Ref. No. 68156.

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# Finance/ Administration Director

Grindlay Brandts Insurance Brokers Limited is a medium-sized broking house, placing all types of business, except Aviation, at Lloyd's and elsewhere. Considerable scope exists for business expansion.

The Director will have responsibility to the Managing Director for all financial matters and for system development and general administration. Several years' experience of financial management in Insurance Broking is essential and some EDP knowledge will be necessary.

The man or woman required should be a Chartered Accountant and must have the maturity and confidence to assist a highly professional team to develop their business.

The compensation package will attract the most professional candidates, and future development will be in the context of the whole Bank Group.

Please write with full career details to:

**Grindlay Brandts**
R. J. E. Barker,
Grindlay Brandts Insurance Brokers Limited,
36 Fenchurch Street,
London EC3P 3AS.

# Accountant with Management Ambitions

## around £7000 City

Williams & Glyn's Bank is the U.K.'s fifth largest clearing bank. An appointment is to be made in the Comptroller's Division which will give an Accountant opportunities to become involved in key areas of banking and finance.

The successful applicant will be responsible for providing a financial and management accounting service to a number of subsidiary companies and will be involved in taxation matters relating to the Bank Group.

Candidates should be Chartered Accountants with two years' post-qualification professional experience able to communicate effectively at all levels. Career prospects are excellent and the successful applicant could have the opportunity to manage a small specialist team within a relatively short time.

Remuneration will be negotiable around £7,000, plus generous benefits including subsidised mortgage facilities and a profit sharing scheme.

Please write giving full career details or telephone for an application form, quoting reference B.987, to: M. T. Brookes, Williams & Glyn's Bank Limited, New London Bridge House, 25, London Bridge Street, London SE1 9SX. Tel: 01-407 3121.

**WILLIAMS & GLYN'S BANK**

Banque de la Société Financière Européenne
Multinational Consortium Bank
Located in Paris
is looking for

# EUROBOND DEALER

to increase the institutional sales force of its expanding Eurobond Department.

- Preferably aged between 26 and 32, the candidate should have a good knowledge and understanding of international financial and capital markets as well as at least two years of experience in the field of international bonds.
- Fluency in English and working knowledge of French are a must, any additional language like German or Dutch would be an asset.

This challenging job offers attractive compensation and good career opportunities.

Applications, giving full details of qualifications and career to date, will be held in the strictest confidence and should be sent to Mr. F. Perlewitz, Manager, Banque de la Société Financière Européenne - 20, rue de la Paix, 75002 Paris.

HAVAS CONSEIL

# UNIVERSITY COLLEGE OF BOTSWANA

Applications are invited for the post of HEAD OF DEPARTMENT OF ACCOUNTING. SENIOR LECTURER PROFESSOR. Must have experience in University teaching and research. The Department of Accounting is in the Faculty of Economic and Social Studies and the subject is a 'major' in degree courses. There are also Diplomas/Certificates in Accounting and Business Studies. Two year contract with possibility of further contract. Salary scales (under review) Senior Lecturer P5886-P7116 p.a. Professor P7536-P7536 pa. (£1=P1.50). The British Government may supplement salaries in range £2,724-£3,648 pa (sterling) for married appointee and £1,266-£2,148 pa (sterling) for single appointee (currently under review and normally free of all tax) and provide children's education allowances and holiday visit passages. Family passages: housing, baggage, and education allowances: 30% inducement allowance and 25% gratuity after 2 years. Detailed applications (2 copies) with curriculum vitae and naming 3 referees to be sent to Registrar, University College of Botswana, PB0022, Gaborone, Botswana, Africa, by 24 July 1978. Applicants resident in the UK should send one copy to IUC 90/91 Tottenham Court Road, London W1P 0DT. Further details may be obtained from either address.

# LOUGHBOROUGH UNIVERSITY OF TECHNOLOGY

## MANAGEMENT INFORMATION SYSTEMS

Applications are invited for the post of LECTURER in MANAGEMENT INFORMATION SYSTEMS in the Department of Management Studies. Applicants should possess a good first or higher degree and should preferably have relevant industrial or commercial experience.

Salary within scale £3660-£7308. It is hoped to make an appointment on the lower half of the scale. Postcard requests for application forms and further particulars to Paul Johnson, Establishment Officer. Ref: 78/21MS.

*Loughborough — Leicestershire*

# Group Financial Accountant

## West London £9,000 + car

Our client is a major U.K. industrial holding Company with over 20 subsidiaries and a turnover of £150 m. A small corporate department provides advice, service and co-ordination across the whole range of financial and accountancy matters.

This appointment reports to the Financial Director and responsibilities will include control of Group funding and cash flow; preparation of consolidated financial statements and published accounts; advice on accounting principles and practice; review of internal audit and liaison with subsidiary Companies including special projects and investigations.

Salary c. £9,000 + car + excellent terms of employment and career prospects. Candidates ideally aged 28 — 35 should be qualified accountants with successful experience in an industrial environment. Ref: A8643/FT

*REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.*

**PA Advertising**
Hyde Park House, 60a Knightsbridge, London SW1X 7LE
Tel: 01-235 6060 Telex: 27874

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# Financial Controller

## £8,500, plus bonus & car • Age 28-33

Located in Berks, this appointment reports to the Finance Director of a Major Division of a diverse, well structured British Group. The Division comprises several subsidiaries, some with important overseas interests, and one of which is the U.K. market leader in its specialised field.

Besides providing centrally controlled, well disciplined financial and accounting services for the subsidiaries, the Financial Controller will be regularly involved in providing financial guidance and advice to general management.

Candidates, male or female, must be financial accountants (A.C.A. or A.C.C.A.) with at least five years' accounting management experience in manufacturing industry — ideally engineering and/or contracting. They will be accustomed to monitoring performance against a full range of modern control systems and will be well versed in all aspects of company taxation. Some previous experience of overseas company operations is essential.

Starting salary around £8,500 with substantial profit-related bonus, company car and group pension scheme. The Group is strongly expansionist in outlook and a rewarding and progressive future is envisaged for the successful encumbent.

Please write in confidence with brief relevant career details to H. C. Holmes, Bull, Holmes (Management) Limited, 45 Albemarle Street, London W1X 3FE, quoting ref: 745.

**Bull Holmes**
PERSONNEL ADVISERS

# THE BRITANNIA GROUP OF INVESTMENT COMPANIES

requires an

## INVESTMENT ANALYST

Britannia Financial Services is an independent investment management group. It currently manages over £300m. for unit trusts, pension funds and insurance companies and private clients.

THE INVESTMENT ANALYST is expected to specialise in engineering, electrical and construction shares. He or she will work closely with the portfolio managers. An ability to generate ideas and to analyse the ideas of others is essential.

A salary in the region of £5,000/6,000 is envisaged.

Applications, which will be treated in the strictest confidence should give details of education, experience and salary progression and be addressed to:

The Investment Director
BRITANNIA FINANCIAL SERVICES LTD.
3 London Wall Buildings, London EC2M 5QL

# GILT EDGED STOCKBROKER

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SPECIALIST SALESMAN/WOMAN
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Aged 27-32
Good salary
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Financial Times
10 Cannon Street
EC4P 4BY

# APPOINTMENTS WANTED

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Fluent English, French, German, Spanish. 26 yr. old Anglo-Spanish descent Spanish national. Seeks position in International Corporation.

Please write: Apartado de Correos 1338, Barcelona, Spain.

**YOUR REGIONAL H.Q. IN SWITZERLAND**

Group wishing to set up/expand their Swiss subsidiary to provide impulse to their Regional operations could need a bilingual Executive seeking a new challenge—long residence Switzerland, background in int. sales (services, equipment, aircraft) administration, personnel, finance. Please write Box A.6354, Financial Times, 10, Cannon Street, EC4P 4BY.

# BRANCH CONTROLLER

**Age 30-40 — £10,000 + Bonus**

A prominent International Bank seeks to appoint a Senior and fully experienced Banker to control the day-to-day activities of the Branch. The successful applicant will probably have reached a managerial position within a Clearing Bank, and will be well used to dealing with both retail and corporate customers. This is a challenging and very progressive appointment.

*In the first instance, please telephone, in confidence, Rod Jordan*

## DOC. CREDITS

**Age 25-30 — £6,000**

European Bank with major expansion plans seeks a fully experienced Banker with good all-round knowledge of Credits area. Excellent opportunity for future promotion.

*Please telephone Brian Durham*

## LOANS ADMIN.

**Age 23-27 — £4,500**

Major Merchant Bank requires Banker with a minimum of 2 years' experience in the administration of Eurocurrency syndicated loans. Ability to accept responsibility essential.

*Please telephone Mark Stevens*

*If you are seeking to further your career in Banking, our Consultants would be only too pleased to discuss your requirements.*

**BANKING PERSONNEL**
41/42 London Wall · London EC2 · Telephone: 01-588 0781

## LABOUR NEWS

# Firemen's shorter week claim for arbitration

BY ALAN PIKE, LABOUR CORRESPONDENT

TALKS ON introducing a shorter working week for firemen, which have made slow and difficult progress since the ending of the national strike in January, finally broke down yesterday.

Employers' representatives decided to take the issue to arbitration after failing to reach agreement at a meeting with Fire Brigades Union officials.

The further delay makes it increasingly uncertain whether it will be possible to meet the November target date for reducing the working week in the fire service from 48 to 42 hours.

There is already strong unrest among firemen over the issue, with some threatening to take further industrial action if necessary.

It appeared last week that progress was being made on the issue after employers, who had wanted to introduce the shorter working week on a three-shift system, conceded that the existing two-shift pattern could continue.

But there was no argument yesterday after some employers had taken a strong line over their right to decide how best to introduce new duty systems. At present the employers have to consult the unions and reach agreement on changes in working practices.

The decision to seek arbitration was a unilateral one by the employers. It means that the entire shorter working week issue will now be considered by the Central Arbitration Committee under the agreed arbitration arrangements.

The inevitable delay before arbitration takes place will add to the frustration of firemen in many parts of the country.

Last month the union warned that firemen would feel that if they could not win the shorter working week by negotiation they would be "forced to take it themselves."

The union executive decided last night that it will present its case to the arbitration committee and is also to seek an early meeting with Mr. Merlyn Rees, Home Secretary, to discuss the shorter working week problems.

## NATSOPA to recall conference on funds

By Our Labour Correspondent

THE NATIONAL Society of Operative Printers, Graphical and Media Personnel, is to recall its conference later this year when a solicitors' inquiry into financial matters is complete.

NATSOPA leaders have told delegates to their biennial conference now in progress at Eastbourne that they will be recalled when the final report from the solicitors, Lawford and Co., is available.

Last year Mr. Owen O'Brien, general secretary since May, 1975, asked the solicitors to undertake an inquiry into the sale of union properties in London.

He wrote in last month's issue of the NATSOPA journal that the matters arose from "endeavours that were made by the former general secretary to protect the society's funds from sequestration under the Industrial Relations Act, 1971."

Mr. O'Brien said that as a result of actions he had taken certain moneys due to Natsopa had been transferred into the society's account and a sum of £9,500 was still subject to inquiry, part of which was being claimed as expenses. In addition he had given instructions for the sale of gold sovereigns, Krugerrands and gold medallions which had been purchased as an investment.

Mr. O'Brien, who was recently re-elected as Natsopa general secretary, referred at the conference to attacks which had been made on him during the election campaign. Delegates passed a resolution reaffirming their confidence in the administration of the union's affairs by its officers and executive council. They confirmed their trust in Mr. O'Brien and expressed gratitude for his "full and clear explanation given in answer to the many attacks made upon him."

## Union leaders try to strengthen participation plans

BY CHRISTIAN TYLER, LABOUR EDITOR

TRADE UNION leaders yesterday decided to try to claw back some of the ground they have lost in the controversy over worker participation in private companies.

They are to urge the Government through the TUC-Labour Party liaison committee to remove, in the drafting of the Bill, what they see as the ambivalence and compromise from last month's White Paper.

They will also seek to have their demands for unequivocal rights for trade unions incorporated in the Labour Party manifesto for the coming general election—on which the Bill's future depends.

Meanwhile the TUC nationalised industries committee has invited Sir Peter Parker, head of the group of State chairmen, to meet them with the heads of the big nationalised industries at the end of the month. The purpose will be to urge State industry to move ahead faster on worker participation. All nationalised industries have been asked by the Government to declare plans by August.

At the TUC economic committee yesterday, the White Paper's general provision for statutory "fall-back" rights of consultation and Board level representation were welcomed.

But the idea of two-tier Boards was strongly attacked, and the TUC is to insist that the Board on which unions are represented should have control of all major decisions, not merely long-term strategy.

Also attacked—as being a compromise pushed through by the Right-wing majority of the Cabinet—was the White Paper's suggestion that the first step, after three or four years of formal participation would be to allow unions to claim a third of seats on the board. Members of the committee are sticking to the TUC bid for parity, but for the present are unlikely to demand more than that the waiting period be shortened.

Among other points, they want sole union control of workers' joint representation committees and sole right to board seats, where the White Paper suggests there could be special arrangements for large groups of non-union workers. But they agreed that an Industrial Democracy Commission be set up rather than leave the monitoring work to the Advisory, Conciliation and Arbitration Service.

The CBI is expected to elaborate on its first, hostile, reaction to the White Paper today, in the wake of the Conservative Party which on Tuesday announced that it had reversed its initial approval of the document.

Union leaders have been told by the Prime Minister that legislation will have top priority in the next session. But it is widely assumed that nothing radical can materialise unless Labour wins the election.

## Miners urged to seek £135

MR. MICK McGAHEY, president of the Scottish miners, yesterday urged the union to press for £135 a week for coalface workers.

Speaking on the first day of the Scottish area conference of the National Union of Mineworkers, he also supported the Yorkshire miners' call for proportional representation on the national executive, which he said had overturned conference decisions and did not truly reflect the membership.

## Tyne Tees TV strike goes on

TECHNICIANS at Tyne Tees Television were still on strike yesterday preventing the broadcasting of advertisements and locally-transmitted programmes from the Newcastle-based television station for a third day.

The dispute began when a transmission controller refused to transmit a car advertisement last week. Management said yesterday that it was prepared to put the issue through the normal disputes procedure, provided the technicians returned to work.

## Pay walkout at dockyard

HALF THE workforce of Portsmouth naval dockyard walked out on strike yesterday in the biggest protest so far in a mounting wave of unrest over pay.

The rest of the 6,000 workers are banning overtime and refusing to work incentive bonus schemes.

The dockyard's biggest union, the Transport and General Workers, staged the latest in a series of 24-hour stoppages. Other groups of workers to hold one-day strikes over the past week are the engineers, the shipwrights and the boilermakers.



## NALGO backs pay moderation talks

BY PAULINE CLARK, LABOUR STAFF

BRITAIN'S chances of avoiding a rush of inflationary wage demands this autumn were boosted yesterday when the 710,000-strong National and Local Government Officers Association's annual conference in Brighton approved continuing talks on pay with the Government.

The decision enables Mr. Geoffrey Drain, general secretary of the union and one of the leading six trade union negotiators with the Government, to promote union moderation on pay policy in the future, but without acceptance of a formal Phase 4 pay policy after July.

The conference adopted a similar line to that of the General and Municipal Workers Union last week, when Mr. David Basnett, the general secretary and chairman of the TUC, also received a mandate to carry on talking about pay with the Government.

In both cases, union leaders have spelt out the dangers of public service employees suffering in an untethered return to collective bargaining, and have emerged as leading proponents of the case for an unwritten understanding with the Government on what should follow the rigid pay policies of the past three years.

Mr. Drain said the conference's approval of the union "White Paper" on pay meant that the notion of free collective bargaining for public service employees had been recognised as unattainable.

"We are now left with the job of projecting our ideas on a system of tripartite determination of wages between Government, employers and trade unions, and on seeking a broad economic understanding with the Government."

He emphasised that this would involved a joint "broad assessment" of economic and wage policies in the future, and not a commitment to negotiation.

## News service disrupted

BY NICK GARNETT, LABOUR STAFF

JOURNALISTS WORKING for the Press Association national news service are threatening industrial action unless management makes major improvements on its annual pay offer.

A meeting of National Union of Journalists' members at the agency's London offices yesterday disrupted the flow of news to newspapers, radio and television stations for about three hours.

The union intends convening another mandatory meeting of its members during normal working time next Wednesday.

An official of the union's Press Association chapel (office branch) said yesterday that if improvements in the offer were not considered satisfactory, a work-to-rule would be instituted by the agency's 240 NUJ members.

The chapel is claiming pay parity with other Fleet Street journalists who, it claims, are paid an average of about £2,000 more than Press Association staff.

## Peace move at Llanwern

BY ROBIN REEVES, WELSH CORRESPONDENT

A PEACE PLAN aimed at ending the fortnight-old dispute at British Steel Corporation's plant in Llanwern, S. Wales, will be discussed this morning at a mass meeting of blastfurnacemen involved in its shutdown.

The plan has been drawn up by local officials of the National Union of Blastfurnacemen after suggestions put forward at a routine meeting of the union's national executive in Middlesbrough earlier this week.

Details of the proposal were not available, but union officials were hopeful it would produce an "honourable" return to work.

The shutdown, which originally involved about 500 blastfurnacemen, has now resulted in 4,900 other steelworkers being laid off at the plant from the beginning of this week, and £4m worth of steel being imported by BSC to fill the gap in supplies of steel coil for tinplating.

The dispute began when 100 blastfurnacemen demanded an extra £8 a week for accepting new working arrangements on Llanwern's No. 3 furnace, the largest in Britain.

BSC was prepared to offer only £1 a week and a work-to-rule led the management to shut down the furnace and lay off the men. Another 400 blastfurnacemen then walked out in sympathy, halting all iron and steel production at the plant.

# Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

### HEAT CONSERVATION

## Shuts out the cold and the heat

AN IDEA which could hit the double glazing market very hard comes from a Huddersfield company and takes the form of folding internal shutters which can be slid out across a window to give heat insulation three times as effective as double glazing but at about one-third of the cost.

Much of the secret of this insulation performance lies in the materials used for the slats of the shutters. Patents have been applied for on the idea which would use either polyisocyanurate foam containing a heavy inert gas, or a polystyrene foam.

Best performance from these core materials is for the first and it provides a k value of 0.017. To put this in perspective, it means that whereas a single sheet of glass of 6mm thickness allows heat to leak at a rate of 5.6 Watts per square metre and per degree C, a 13mm Thermoblind with 20mm air space and a 6mm sheet of glass will reduce this figure to 0.9 Watt.

This is still far better than two sheets of 6mm glass with a 20mm separation, which gives 2.9 Watts.

The Thermoblinds should cut out cold downdraught and reduce condensation very considerably.

Core thicknesses of 6mm, 9mm, 13mm, 20mm and 25mm are to be provided for a great range of window sizes and the DIY market will be catered for. A variety of surface finishes will be presented including plastic laminate, timber, fabric and steel.

Although it is early days, a guide figure as to the cost of the shutters is in the region of £15 to £17 per square metre.

Because the shutter material is so impervious to heat flow, the Thermoblinds can be used in excessively hot weather to keep rooms facing the sun very cool. Apart from that, it provides total privacy and could be arranged to give an added degree of security.

There would seem to be few problems in fixing the units to existing window frames or during the construction of new housing.

More information from Thermoblind Insulated Window Shutters, 28 Queen Street, Huddersfield, HD1 2SP. 0484 27686.

### COMPUTING

## Performance improved

SPEED OF development in electronic component technology, and particularly on the memory side, has led ICL to bring out a new processor in the large-scale group of its machines and enhance the performance of an existing unit.

Basic change is that the company is introducing much more compact stores, built up from 16k memory chips, replacing those built up from 1k chips hitherto. Reliability of the 16k devices has improved considerably over the past two years and the very considerable reduction in manufacturing costs they offer cannot be ignored by the computer builders.

The new machines are the 2972 and the 2976E which provide a performance respectively 3½ times better than the 2960—now selling in large numbers—and over four times better. Prices run from £1.3m to around £2m.

Some idea of the reduction in physical size made possible is given by the fact that a two Megabyte main store in previous technology takes six cabinets whil the 16k chip stores demand only two cabinets. Apart from this, there is an improvement in cost/performance.

Existing 2970 and 2976 machines will be retrofitted if required and maximum store capability on the larger machine is extended to eight Megabytes.

Together with these moves on hardware, ICL is introducing an improved version of the DME—direct machine environment—facility which allows programs from earlier machines to be run without major modification. It is applicable to the 2960, of which over 100 have been sold to date, and it provides a performance improvement of about 25 per cent when applied to programs for 1900 machines.

In peripherals, the company is bringing out a high performance magnetic tape unit able to transfer information at a rate of 1.25 Megabytes per second.

Further from ICL on 01-788 7272.

## Watch on a fast process

A NOVEL microprocessor system with important industrial and medical applications, developed by a research group at The City University, is to be demonstrated at the International Microcomputer, Minicomputer and Microprocessor Exhibition at Geneva, June 20-22.

The university's contribution is a dual processor system containing two Ferranti F100L microprocessors, close-coupled. Dr. John Brignell, leader of the developing group, believes it has produced valid solutions to the very difficult problems of processor to processor communications posed by the multiprocessor concept.

In particular, TCU researchers have combined rigorous protection of software with the high speed of hardware working under direct memory access. The input-output processor controls A/D and D/A converters and services cyclic buffers which enable the main processor to carry out a signal process uninterrupted.

The idea was originally conceived to provide more processing power for the university's long-term Roving Slave Processor project, but it is now thought to be of sufficient interest and promise to be developed in its own right.

There are several important application areas in which its real-time signal processing capability will be of value apart from advanced constant monitoring of such hospital patients as heart sufferers, there is the monitoring of a wide variety of fast industrial processes.

Further data from Communications Office, The City University, St. John Sreet, London, EC1. 01-253 4399.

## Tests passed on time

COMMISSIONED by the Anglian Water Authority after a great deal of controversy, leading to a second round of tendering, a large Honeywell 66/10 installation with twin processors has passed a series of benchmark tests on time.

Logica was the computer consultancy awarded the job of specifying, developing and running acceptance tests and its 2½ man/years' work in the development of the benchmark included building databases containing 1,400 megabytes to represent the Authority's customer billing and water quality databases, and constructing programs for entry of new data, enquiries on the databases, technical timesharing work, program development and commercial and scientific batch work. Logica also built a special terminal simulator which represents the Authority's entire network of 80 terminals. These are Incoterm units built by Honeywell's newly acquired subsidiary.

The benchmark tested the computer's throughput, response time on the terminals and its ability to recover from a variety of failures. The Honeywell system completed and passed all the tests at the first attempt.

Logica is at 64, Newman Street, London, W1A 4SE. 01-580 8361.

### COMMUNICATIONS

## Rank ready for optical fibre push

IN A few weeks Rank Optics is expected to announce its debut in the communications optical fibre field with a system aimed at the short haul market including data links for computer systems and aircraft.

The company has installed a quartz fibre pulling unit at its Leeds factory to make a product suitable for communications runs "up to a kilometre"—implying an attenuation figure of perhaps 20 to 30 dB per kilometre.

For over ten years the company has been drawing fibres for use in straightforward light guiding applications where low loss is not important—600 dB/km is fairly typical—and the product has been widely used in equipment ranging from versatile motorway signs to dashboard instrument illumination in the Rover, Jaguar and Princess cars.

Rank Optics' turnover in these "light bending" applications exceeds £1m and, apart from the decorative lighting business (which peaked some time ago), is steadily rising.

At Leeds, bundles of fibres are drawn direct from stacks of ½ inch diameter glass rods through an overhead furnace ... eight tubes each taking 55 rods. The 440 fibre bundle is wound direct on to drums at about ... /min and the company has managed to get the cost down to about 7p per metre.

The latest traffic signs in production at Leeds make use of a branched fibre harness system in which one tungsten halogen lamp feeds the ends of a large bunch of fibres which is divided to provide separate illumination of each spot element of a legend. Other lamps, of other colours, feed the same and/or other elements via integrating chambers so that multi-colour, multi-legend displays can be manufactured.

Such displays are easily remotely controlled over phone lines and on some models the company uses more fibre lines to monitor the lamps and register faults in the control room.

Advantages include a marked reduction in the number of lamps needed compared with the "bulbed" equivalent (typically ten to one), up to 50 per cent reduction of power, no complicated lamp switching, no "sunlight phantoms" (there are no internal reflectors) and a bright, directional display.

Rank has also undertaken many specific designs for industry including, for example, a tiny circular ring of light guide duplex orifices which look for tears in the paper during the manufacture of cigarettes, using a reflection technique.

For the motor industry it has a design, which has not yet been taken up, for monitoring bulb failure in the vehicle's lights by taking a fibre line from each location to a plan view display on the dashboard.

Rank Optics is on 0532 624601

GEOFFREY CHARLISH

### MACHINE TOOLS

## Design study project

A STUDY carried out by a Department of Industry Committee on Automated Small-Batch Production (ASP) found that:—the UK lags behind its major competitors by about 10 years in installing flexible systems—cells of numerically controlled machine tools linked by computer to a computer-controlled workpiece transport system; and that the current scale of research and development is very small in comparison with other major industrialised countries.

As a result of these findings, the Department is to place a £70,000 design study contract with machine tool designers in industry. It has endorsed in principle the ASP Committee's findings and has requested that the Committee continues in existence to steer the programme of work.

The Committee is willing to consider proposals for research and development work in the field of automated batch manufacture which might be integrated with the Committee's programme and which could be eligible for funding on a cost-shared basis through the Department of Industry's Requirements Board.

Further information from: Mr. R. M. Sim, ASP Project Officer, Manufacturing Systems Group, National Engineering Laboratory, East Kilbride, Glasgow G75 0QU (East Kilbride 20222).

### COMPONENTS

## Aids precise measurement

IPT 119 electronic pressure transducer from Darenth Weighing Equipment has been designed to suit both conventional and computerised process control systems. Typical of its many applications include process weighing, low pressure measurement in medical research, monitoring electrical supply cable gas pressure, process pressure measurement in petrochemicals and pressure measurement in soil mechanics.

It is available in pressure ranges from 0.5 inch water gauge to 600 lb force per square inch—absolute differential and barometric—with output in bipolar voltage up to 20V and current for two-wire transmission. The sensor is a corrugated capsule stack, displacement being deliberately small, with movement converted to an electrical signal by a linear variable differential transformer.

This achieves excellent hysteresis and linearity characteristics, the combined effects of these not exceeding ±0.1 per cent of span. Pressure media can be any liquid or gas compatible with stainless steel and Inconel X750, although other materials are available.

Darenth Weighing Equipment, Cray Avenue, Orpington, Kent BR5 3RJ. 0689 72901.

### FARMING

## Cows get fed and milked

HOPING TO highlight the Royal Agricultural Show at Kenilworth next month is Simplex of Cambridge when, among other products, it will display the Babraham Milking Parlour.

Constructed of sheet steel pressings instead of the conventional welded bent structures it gives the particular advantage of straight rump rails which are mono constructed in one complete piece for added strength—and leader rails are included to ensure that the cows enter the mangers and not the operator's pit. This pressed steel construction enables the parlour to come mostly pre-packaged, enabling quick and simple installation and reduced on-site work.

From the pit, the operator could feed the cows with an automatic feeding system which is controlled from a multipoint selector unit which is either manually controlled or can be fully programmed for automatic feeding.

The parlour is available from 4 x 8 cow to 24 x 24 cow models.

Also on show will be the company's Feedstor system which has been modified and uses the straight-up seam vitreous enamel silo and revolving, revolutionary combined loader/unloader which will spread, compress, unload and convey. This needs a low labour requirement for both filling and emptying, using an electronic control panel. Filling is said to be even and without cavitation because the loader physically spreads the forage and at the same time compresses it. The silo can be filled more quickly with more feed.

Other products exhibited include the Cowtel 80, designed with operator comfort in mind, which incorporates an electrically operated, multipoint feed system controlled by a multiselector or by a fully programmed unit which identifies cow by number and automatically punches out appropriate feed, and the company's range of Neuero agricultural equipment covering dump box, sucker blower, feeder, grain blower, chain-elevator, radial mills, pre-mixers, etc.

More on 0376 515111.

### PROCESSING

## Plant made easier to control

MAKING A major drive in the UK and Europe for its MPC80 micro-based industrial process control equipment, Negretti and Zambra has developed the ideas originally pursued at Oxford University and the Warren Springs research centre of the DoI to a stage where three-term process control with up to 32 loops, sequence control and data logging is available from a single MPC80 dedicated front-end controller.

But if the user so requires, a series of these relatively low-cost front-end units can be applied to the plant to do the same job, or again this can be run through eight or more radially distributed units.

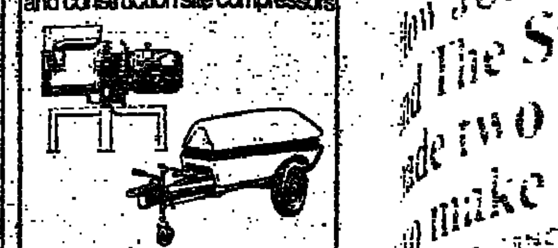
The developers claim, apart from ease of installation on plant to suit customers' requirements, far better cost/performance, compared with the use of dedicated minis.

The language used with these control units, Senztrol, allows process engineers to carry out parameter changes as they require, without any special knowledge of programming.

Two pairs of wires carry all necessary interconnections between each front end controller and the central unit.

Negretti is expanding production at Aylesbury and strengthening its software and engineering teams as well as regrouping its sales effort into home and export market teams.

Further information on the controllers from Negretti and Zambra, Stocklake, Aylesbury, Bucks HP20 1DR. Aylesbury 5931.


### HANDLING

## Fills bags and sacks

PNEUMATIC conveying equipment has been developed by Thelcastle of Eccles, Manchester, for the transfer of bulk materials to bags, sacks or open containers, at a handling rate of up to 2,000 lb per hour.

Suitable for handling free-flowing materials in powdered or granular forms, it has applications in the plastics, chemical, agricultural and general process industries.

Basically, the new Thelcastle development has a centrifugal fan, a cyclone, a suction device and a two-way material delivery unit with bagging spigots. These items are supported on a castor-mounted frame having overall dimensions of only 3 feet by 4 ft by 7 ft 6 ins high. Compact design coupled with mobility enables the conveying system to be easily manoeuvred to any material transfer point.

Transfer of bulk materials to the bagging zone is effected by means of a flexible hose connection, complete with suction nozzle, which can be inserted in a collection hopper or similar material storage facility. The control of material transfer is achieved by suction nozzle adjustment, while changeover of material delivery during bag-filling is effected by hand-lever operation.

Thelcastle, P.V. Works, Montonfields Road, Monton, Eccles, Manchester M30 8AW. 061 788 0345.

### METALWORKING

## Bends thick steel plate

FACILITIES for the fabrication of large diameter, thick wall steel tubular components at the Scunthorpe, South Humberside works of Redpath Dorman Long now include a 5,000 tonne Hugh Smith vertical plate bending machine. This machine, said to be the only one of its kind for cold rolling, is capable of accurately bending plate of B.S.4360 Grade 50D quality up to 175mm thick.

The new machine can bend thick plate by using a combination of three interchangeable rolls of 675mm, 950mm and 1,090mm diameter. A very wide range of material properties, plate thicknesses, plate widths and diameters are claimed to be within its scope. Plates weighing up to 40 tonnes and 3,660mm wide can be handled, as well as small diameter, thick wall tubular components—for example, 1,066mm diameter cans with a wall thicknesses of 50mm.



هكذا من الأصل

# The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

## How Joan Collins and The Stud made two and two make five

BY ANTONY THORNCROFT

THE STUD, the shapely vehicle for Joan Collins devised by sister Jackie which scored as a film, a record and a book, has notched up sales of £3m in just two months. Not surprisingly, champagne corks were popping, but at Benton and Bowles rather than in the Jermyn Street night club Tramps, where most of the film was shot.

Benton and Bowles was throwing the party because it produced the advertising for what was very much a marketing exercise. Indeed, the media budget of £350,000 equalled the cost of the film.

This was a rare case of synergy, or two and two equalling five. Brent Walker raised the finance for the film and wanted it promoted as intensively as Ronco promotes records. Benton and Bowles produces advertising for the Ronco records and was quite happy to take on a joint exercise. One commercial sold film, record and book, with the result that the album is now "platinum," which means it has made £1m through the tills; the film and book have contributed another £2m.

At the Cannes Film Festival the rights to The Stud have been sold virtually everywhere except in the U.S., although three companies are reported to be competing for that prize.

The initial budget was £200,000 split between Ronco and Brent Walker, but the success in pulling in paying customers encouraged the clients to add in another £150,000, and there are already plans for a second burst after a decent interval.

Joan Collins: a £350,000 production budget plus a £350,000 ad spend turned The Stud into a £3m property.

## Schlitz returns to JWT

BY DAVID LASCELLES, NEW YORK

THE TURBULENT and fiercely competitive U.S. beer market has just produced one of its big account changes. Jos. Schlitz, the Milwaukee brewer whose ads are based on a "Gusto" theme, said at the beginning of the year that it was unhappy with the way things were going with the Leo Burnett agency which had handled its account since 1961. It wanted a change.

Eleven agencies were invited to submit ideas. By March these had been whittled down to six, at which stage Leo Burnett, which had been included, dropped out of the race. Finally, after what the Schlitz management described as a "tough decision between truly outstanding presentations," the account was awarded not to one but three different agencies.

J. Walter Thompson has been named as agency for Schlitz Beer, and Benton and Bowles for Schlitz Malt Liquor. Cunningham and Walsh continues as the agency for the brewer's two other major products, Schlitz Light Beer and Old Milwaukee.

But though these agencies stand to share an account estimated by advertising industry sources to be worth some $22m to $23m, they also face an uphill struggle.

Schlitz, long the No. 2 brewer in the U.S. after Anheuser-Busch, is going through a sticky patch. It was recently edged out of the No. 2 slot by Miller Brewing, the aggressive susbidiary of Philip Morris, the tobacco company, and it reported declining sales last year for the first time in several decades.

Although part of these difficulties are due to bad management decisions, including failure to recognise the fast-growing market for light or lager-type beers, the decline in the company's once-excellent advertising is also to blame, say sources.

Last year, in what is acknowledged to have been an ill-advised campaign, a series of TV ads showed supposed Schlitz drinkers reacting fiercely to suggestions that they try another brew. The series became dubbed as the "Drink Schlitz or I'll kill you" approach, and probably frightened many beer-tipplers off. Since then, Schlitz has reverted to the "If you don't have Schlitz, you don't have gusto" theme, but damage had been done which little short of a complete rethink could mend.

The big question now is whether the new campaigns, which will probably appear in August, will stick to the gusto theme, even in a minor way. Gusto has been the Schlitz catchphrase for over ten years in an industry where brand proliferation is enormous and any tag that identifies a brew in the public's mind is worth hanging on to. On the other hand, Schlitz may decide it's time for a complete change.

In this regard, it's worth noting that the two new agencies have quite different experiences in brewing advertising. To JWT, it is a familiar field. Apart from being Schlitz's agency before Leo Burnett, JWT has handled other beers including Hamm's and Meister Brau. Benton and Bowles, on the other hand, had never directly handled a brew before.

A big figure in whatever does emerge is likely to be Schlitz's new marketing manager, Allin Proudfoot, who, apart from being six feet six inches tall, has just joined the company from Coca-Cola where he was head of sales. The decision to change agencies was made before he appeared on the scene but it was Proudfoot who headed the agency selection process and who will be keeping a close eye on the Schlitz image from now on.

● In the first quarter this year, Schlitz sales fell 10.5 per cent on the same quarter last year to $231m. The company showed a net loss of $1.5m compared with net earnings of $7.4m the previous year. The 1977 sales decline was 6.6 per cent.

## What the big boys are up to

Is there a crisis in branding? Have excessive cuts in advertising by the big manufacturers jeopardised the market position of their biggest brands? **Michael Thompson-Noel** reports

QUESTION: When is a crisis not a crisis? Possible answer: when it has been dampened down by—or has attracted the attention of—O'Herlihy Associates, the Blackheath marketing consultancy. Then again, perhaps not.

Paul Baker, a director of O'Herlihy, has taken exception to the views of Stephen King, a director of J. Walter Thompson, who maintains that short-term pressures are forcing too many companies to cut back their branding activities (this page, May 25), and that crisis is not too powerful a word with which to describe the situation.

According to the JWT man, several very well established brands are visibly shrinking before their owners' eyes and several complete markets are toppling into unnecessary decline.

To illustrate his point, he examined the 1977 MEAL-type expenditure of the 35 grocery brands most heavily advertised in 1970, and showed how this expenditure, in real terms, had halved between 1970 and 1977. (Naturally enough, these 35 include some of the really great golden oldies of the grocery shelf: Oxo, Stork, Typhoo Tea, Bisto, Horlicks, Hovis, Lucozade, Heinz Baked Beans, etc.). "There are of course, wide variations around the average," says Mr. King, "but detailed analysis of the expenditure for the 160 or so advertised brands of the top 10 advertisers shows a very similar picture."

What was equally worrying, said Mr. King, was that branding activities that were measurable, such as advertising, may be symptomatic of those that are not, so that companies may be cutting back on other activities designed to foster the long-term health of a brand—R and D, process and product improvement, investment in plant, pack improvements, new variants, consumer services and research, etc.

Mr. Baker is not at all happy with the basis of this analysis. According to him: "The figures quoted seem to have been selected with the specific intention of misleading the reader. Mr. King has selected the top brand spenders of 1970 and implies that the market place is totally static by examining the expenditure on the same brands in 1977, and concludes that real expenditure is down by 50 per cent.

"I have repeated his exercise, but taken the top 35 brands for 1977 and compared their 1977 and 1970 expenditures. (This is equally invalid). On this basis, expenditure for 1977 is, in real terms, 82 per cent. of expenditure for 1970, and if one excludes washing powders then the figure becomes 87 per cent."

The goings-on in washing powders are certainly of interest, for the big manufacturers have considerably trimmed their sails. Total MEAL expenditure in this sector in 1970 was just over £7.5m. Last year it was just over £6m—a drastic slump in real terms. (Total MEAL spending on Lever Brothers' Omo in 1970 was £683,000; last year the figure was nil).

But Mr. Baker's main point is that nothing stays still in the market place—that because of ebbs and flows and a hundred and one factors affecting consumer buying decisions, it is fruitless to compare advertising expenditures for specific brands over a seven-year interval and draw broad conclusions.

Mr. King agrees there are numerous difficulties involved. But he maintains that only minor qualifications are necessary to substantiate the claim that the advertising expenditure for Britain's major brands has declined heavily over the past seven years.

Mr. King lists four minor qualifications to his theme:

1—Some brands die, though in the case of the quoted 35, it was only two, Radiant and Omo, both of which had virtually stopped advertising by 1977.

2—Only five other brands were spending substantially less in 1977 than 1970 *in current money terms*, and for two of them there were special circumstances (Kellog's Corn Flakes—supply problems; Maxwell House—coffee price crisis). The other three (Ariel, Daz and Palmolive Liquid) were all spending substantially more in 1977 in real terms than in 1975, so were presumably not thought to be dying.

3—The list of each individual year's top-spending 35 brands changes, of course. The 1977 list contained 16 brands not in the 1970 list, but its total expenditure was still 39 per cent below that of the 1970 list's spending in 1970.

4—New brands are introduced to take the place of dying brands. But only seven brands in the 1977 list were launched since 1970. Only one of them spent enough in real terms in 1977 to have qualified it for the 1970 list at all—Whiskas.

[There are, of course, eternal difficulties over defining a "brand." For example, are Persil and Persil Automatic one brand or two? In Mr. King's case, he chose his 35 top-spending grocery brands from MEAL's food, household stores and toiletries categories, leaving aside cigarettes, alcohol, razor blades and patent medicines. Quite naturally he turned a blind eye to Top Dog pet food, which spent heavily in 1970 but did not advertise at all in subsequent years.]

According to Mr. King: "I don't think any impartial observer could look at the 35 brands and suggest they were representative of the regular manufacturing cycle of replacing the old with the new. Most of them seem to me the life-blood of their makers, and from that point of view it is worth concentrating on them. No manufacturer to whom I've shown the figures so far has suggested that there isn't a very real problem.

"To repeat a point that it seems necessary to go on making: the advertising figures aren't particularly important in themselves. They only become important if they are symptomatic of a decline in all forms of branding. If they *are* symptomatic and if manufacturers *are* cutting back on these things, that does seem to me to be eroding the *raison d'etre* of the manufacturer brand."

That is not quite the end of their difference of opinion, however. According to Mr. Baker: "Mr. King also appears to be upset that private label brands are improving in quality and are usually cheaper than the branded equivalents. (Surely this is good for the consumer). However, it is not true that the private label brands lack advertising support as in fact advertising expenditure on chain groceries is up by nearly 500 per cent in real terms from 1970 to 1977. Maybe here lies part of Mr. King's unhappiness: the major leading agency not represented in the chain grocery segment is—you guessed it—JWT."

Mr. King disputes that figurework. More to the point, he doesn't care for the tone of the last sentence. "It's a pity some people can't take you and your arguments at face value without implying you're grubbing around for business," he says.

It's a tough game, branding.

### HOW MUCH ON PRESS AND TV?

| | At 1970 Prices | | |
|---|---|---|---|
| | 1970 £m | 1977 £m | % |
| Lever Bros. and Associates | 6.2 | 2.9 | —53 |
| P & G | 5.8 | 3.5 | —40 |
| Cadbury | 5.7 | 5.3 | — 6 |
| Beecham | 5.2 | 4.3 | —18 |
| Rowntree | 4.3 | 3.7 | —13 |
| RHM | 3.5 | 2.4 | —31 |
| Van den Berg | 3.4 | 2.7 | —22 |
| Mars | 3.3 | 2.8 | —17 |
| Colgate | 2.5 | 1.4 | —42 |
| Brook Bond Oxo | 2.3 | 2.3 | + 1 |
| | 42.2 | 31.3 | —26 |

Source: MEAL

**The table shows the spending on Press and TV of the ten top-spending advertisers of 1970. In total they accounted for about 40 per cent of all advertising in the food and household stores categories. There are certain problems of definition. This table regards Lever Brothers and Associates and Van den Bergh as separate companies; Cadbury includes all confectionery, Typhoo and brands under the Cadbury name but not other subsidiaries; Rowntree includes all Mackintosh; Mars excludes Petfoods.**

## Top B & B job goes to Miss Hallsmith

BENTON AND BOWLES, Britain5s 14th biggest advertising agency with 1977 billings of £18.4m, has set a hundred pulses racing by appointing Robin Hallsmith as creative director. Miss Hallsmith—vivacious, 44—becomes the first woman to occupy such a position in a top London agency.

Benton and Bowles has been seking a creative director since Dennis Bareham joined Leo Burnett last November.

Miss Hallsmith is currently a creative head and Board director at Ogilvy Benson and Mather. OBM is replacing her with Alan Rodford. Miss Hallsmith—not the best known but easily the best looking of London's creative luminaries—worked previously at Pritchard Wood, Garland Compton, LPE and Foote Cone and Belding.

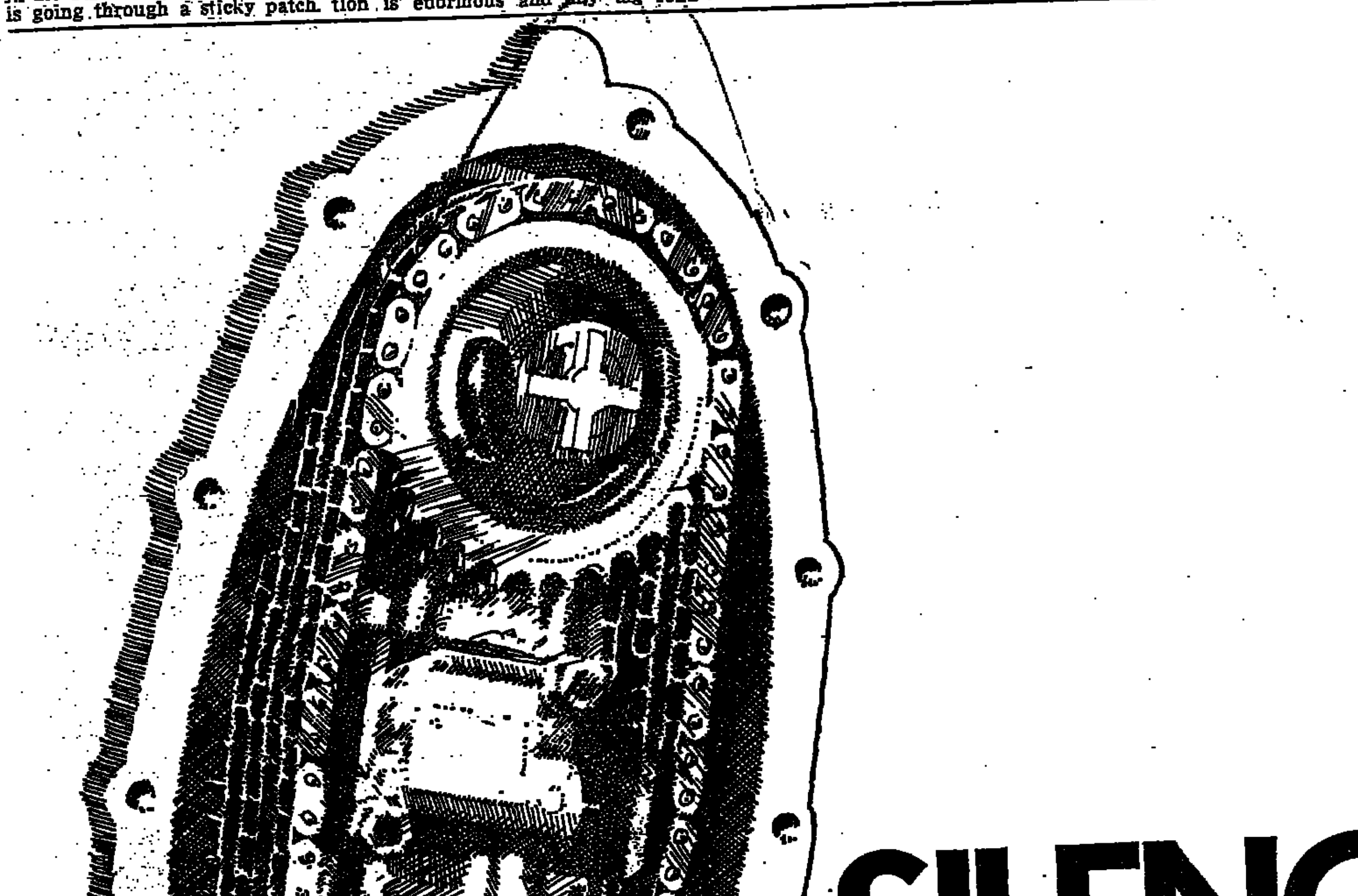
MT-N.

## Interteam McCann wins £½m

LLOYDS BANK International has appointed Interteam McCann, the newest of the McCann satellites, to handle its £500,000 advertising and promotional budget in Europe, the Middle and Far East, Africa and the Americas.

● WHILE MANY advertisers were hastily scrambling for cover as a result of Scotland's World Cup demise, the TV buying group at Lintas has been happily following Italy's progress with its Wall's Cornetto Ice-cream ad which has a distinctly Italian theme. According to Val Knott, head of the buying group: "We're rather pleased with Italy's success, and look forward to being in the final with Cornetto and Italy." Wall's is spending £1m on its ice cream brands this year.

● THORNTON MUSTARD, previously with Cadbury Schweppes and Avon, has been appointed marketing director at Cussons. John Proctor is the new general sales manager.



LOMBARD

# The dangers of proposition 13

BY PETER RIDDELL

THE OVERWHELMING endorsement of proposition 13 in California—cutting property taxes and limiting the growth of revenue—should be seen as a warning about how not to take major policy decisions. Instead the vote has become a beacon, encouraging similar anti-public-sector protest movements elsewhere in the U.S. and abroad. It was perhaps inevitable that this bandwagon would not take long to attract someone like Dr. Rhodes Boyson. He has said a Conservative Government should consider holding a referendum limiting personal taxation as well as one on capital punishment.

## EEC referendum

This kind of populism must produce the occasional wince among some of Dr. Boyson's more thoughtful and less publicity-conscious colleagues, including those on the Shadow Treasury team. But it is the price we must presumably pay for the successful advocacy of a referendum on the EEC by Mr. Anthony Wedgwood Benn.

This is not to underestimate the significance of the growing public objection to the level of taxation on both sides of the Atlantic. It is quite right that politicians should respond to this concern. The question really is how the response should be channelled and whether a representative method is better than the direct exercise of the popular will through referenda.

The problem is that the referendum route does not allow a balanced consideration of the consequences of a tax-cutting decision. My own view after visiting California for several days during the campaign is that a referendum is the worst possible way of curbing the size of the public sector.

Supporters of the tax-cutting proposal frequently suggested that approval would not mean the loss or significant disruption of vital public services. They suggested in effect that Californians could have it both ways: the loss of more than a fifth of local revenue could be offset by the elimination of waste and, more crudely, by cutting back on welfare payments. The former view was given respectability by Professor Milton Friedman, now a San Francisco resident, who appeared in a series of television commercials in support of the proposal.

The opponents of the proposal, including both Governor Jerry Brown and the Bank of America, presented their own alternative tax-cutting scheme. And local authorities presented hypothetical budgets showing the implications—for example, large cutbacks in the police force. But this was not convincing enough and a Los Angeles Times poll just after the ballot showed that a half of those who supported proposition 13 believed there would not have to be any reduction in services.

The immediate result of the vote is almost certain to be a smaller cutback than the opponents warned, but this is likely to be a misleading guide. After all, it is election year and Jerry Brown is looking for big re-election margin in November to sustain his presidential ambitions in 1980. So he will clearly want to try and minimise the short-term disruption of services, a state budget surplus of over $5bn will allow him to offset a large part of the $7bn lost revenue in the first year at least.

## Landlords

The longer-term impact will presumably be more severe with cuts in spending under consideration on law and order, education and environmental services. The effects are also likely to be more acute for the poor, while the benefits of the cut in taxes will go disproportionately to private landlords.

All these points were raised during the campaign but the fact that voters were only asked to respond to a one-sided question meant that the consequences could easily be dismissed. This response has been taken even further in a recent vote in Ohio which went against a rise in property taxes even though this could mean that the schools in Cleveland do not reopen this autumn.

There are, of course, more sophisticated versions of the tax revolt such as the moves to impose fixed limits on the level and rate of growth of state spending and to require the federal government to have a balanced budget. Some of the wilder ideas are unlikely to be taken up seriously in the UK. But there is the danger that a desire to cut taxes almost at all costs will lead to unbalanced decisions. There is certainly a strong case for limiting the growth of the public sector, and in particular of certain kinds of transfer payments. However, to achieve this goal in a haphazard and sudden way, as seems likely in California, will only produce an inadequate standard of certain services as well as risking increased social divisions and an eventual sharp counter-reaction.

THE EUROPEAN COURT OF HUMAN RIGHTS

# Protecting individuals against the state

BY JUSTINIAN

A CONTRIBUTOR to the letters column of The Times recently asked rhetorically how an Italian judge presiding over the European Court of Human Rights, sitting with judicial colleagues from Denmark, Finland, Malta, France and West Germany (omitting the seventh judge of the Court who came from the UK) could possibly understand the social and political conditions of the Isle of Man in determining whether the birching of a 16-year-old was a degrading punishment.

The correspondent's misunderstanding of this international tribunal that sits in Strasbourg under the auspices of the Council of Europe is a common reaction among the British public. Each of the 18 members appoints a judge to the Court. There is almost a sense of disbelief in Britain that the law and practice of these islands could ever be impinged upon by courts elsewhere.

To understand this international tribunal of growing importance to our civilised existence one has to go back to its origins. In the wake of the most traumatic onslaught in European history upon human dignity and rights—the Nazi holocaust — the nations of Western Europe established in the late 1940s the Council of Europe. One of its first steps was to draft the Convention of Human Rights and Fundamental Freedom of November 4, 1950.

History had all too convincingly and devastatingly shown how inadequate were the traditional concepts of human rights at the level of national institutions. The creation of the Council of Europe and the adoption of a Human Rights Convention were the first tentative acknowledgement that protection could no longer be left to the tender mercies of national governments and national laws.

The beginnings of this new venture in human rights within an international context were modest. Although the Convention specifically envisaged individual citizens bringing their grievances to Strasbourg, that right had to be conferred by individual governments as a separate act of accession to the Convention. It was not until 1966 that the right of individual petition was granted by the British Government, and inevitably prompted the growth of litigation that has been witnessed in the past few years.

The right of individual petition had long been resisted by Britain on the ground that it would be contrary to the accepted doctrine that states, not individuals, were the proper subjects of international law. That view did not prevail however, and the right is now firmly established.

The Convention is administered by two bodies—the European Commission of Human Rights and the European Court of Human Rights. Initially all applications go before the Commission. That body has three distinct functions. It first has to examine the admissibility of applications by individuals and states. The great majority of the applications never get past the first stage. The usual grounds for inadmissibility are that the applicant has failed to exhaust his remedies in the courts of his own country or that the complaint is manifestly ill-founded.

Once the Commission finds an application is admissible, it proceeds to establish the facts of the case. At the same time it takes on the role of conciliator and places itself at the disposal of the parties with a view to securing a friendly settlement. It is only where a settlement cannot be achieved that the Commission draws up a report on the facts and states its opinion whether there has been a breach of the Convention.

The final decision whether there has been a breach of the Convention is then taken by the Council of Ministers, or if the case is referred to it, by the European Court. Reference can only be made either by the Commission or the Government against whom the complaint has been made. The individual complainant has no right before the Court, although in practice he may be heard as part of the legal team for the Commission. The judgment of the Court is final and binding, and its pronouncements on the interpretation of the Convention have much greater authority than those of the Commission. The Council of Ministers then has the task of supervising the execution of the Court's judgment. Whereas the Commission's proceedings are all held in private, and parties are not permitted to reveal what has happened (although leaks to the Press are a common occurrence) those before the Court are conducted under the spotlight of Press and public.

Not unnaturally the Court proceedings bear little resemblance to an English court. Cases are conducted mostly by written submissions, and the oral hearings do not have the significance that they do in Britain. The advocates tend to read prepared speeches without interruption from the judges. At the conclusion, the judges sometimes ask questions which the parties are normally given time to answer. The cut-and-thrust of forensic debate is almost wholly absent. All this is alien, and even strange, to the English lawyer used to the essential orality of the English courtroom. There are, however, signs that English habits are beginning to permeate the proceedings. This is particularly true before the Commission, which has as its president, Professor James Fawcett, who is an English academic lawyer of international distinction. Under his influence the Commissioners do question the lawyers without ever approaching the state of garrulity which is the occupational disease of some English judges.

The outstanding characteristic of the Strasbourg Court, which is lost sight of by commentators, is that it operates in the context of a single Convention and outside any unified social system. The Court is purely and simply concerned with the human rights enunciated in the Convention. When it finds a human rights issue, such as flogging or third degree methods of interrogation, it tends to pursue the point to its logical conclusion. And it does so even though it means riding roughshod over various factors, such as public opinion or social policy, that one finds are the meat and drink of national courts which enforce similar human rights.

A Constitutional court, like the Supreme Court of the U.S., operating within a unified political and social system, is better equipped to bring into play all the factors that would modify the strict application of a particular human right. Once that fact is understood, the rulings of the Strasbourg Court become both intelligible and understandable. Whether successive British Governments find this kind of international tribunal tolerable will largely determine whether we shall shortly have a modern Bill of Rights. For if the courts at home begin to engage in the enforcement of human rights, there will be less need, or indeed opportunity, for dragging our Government before a court that is composed largely of judges reared and nurtured in alien systems of law.

# Powerful Marakas looks pick of Newbury Cup six

RACING

BY DOMINIC WIGAN

THIS AFTERNOON'S Newbury Summer Cup has the makings of an intriguing race. There are only six runners, but each has a claim to consideration.

The likely outcome is a victory for Ron Smyth's course winner, Marakas, is a son of the late Bernard van Cutsem's Washington International winner, Karabas.

This powerfully made bay showed his best form on his most recent appearance. He comfortably accounted for the favorite, Nation Wide, in a four-runner handicap at Goodwood.

That race was over 1¾ miles, but I have little doubt that Marakas will be equally effective over this return to 1½ miles. It was over this trip and 11 furlongs that the Epsom four-year-old showed his best form last year.

Both Town and Country and Bright Fire look strong possibilities for anyone brave enough to try for the forecast. The first-named, not harshly treated with 9 st, has run well in his three races this term. The veteran of the party, Bright Fire can usually be relied on to find his best form here.

Several progressive middle-distance performers are due to clash in the Foxhill Stakes, in which Town and Country's stable companion, Latin Luck, will be carrying top weight of 8 st 13 lb.

It is difficult to gauge how good this Homeric colt is. He beat Calibrator by three lengths in a 15-runner maiden event over this course and distance on his reappearance this spring. Subsequently he went to Ascot. Like several other runners here, he became bogged down behind Leonardo da Vinci in the White Rose Stakes.

I expect Latin Luck to pose the chief threat to the beautifully bred Stephano, a chestnut colt by Royal Palace out of the Court Martial mare, Nerissa. Stephano, who has a six pound advantage over Latin Luck, for a hat-trick, which could be within his compass off his current mark.

I do not intend opposing Saved by the Bell in the Childrey Stakes, despite the claims of Captain Ryan Price's Pretense colt, James Hunt. Lester Piggott's mount, a half-brother to the Ascot Gold Cup winner Erimo Hawk, caught my eye when going down narrowly to Wait and See at York last month. He could be an extremely smart performer in the making.

NEWBURY

2.00—Peaceful Valley
2.30—Fine Tale
3.00—Marakas*
3.30—Hughes Next
4.00—Stephano**
4.30—Saved by the Bell***
5.00—Locksley

BEVERLEY

2.45—Abyssinia
3.15—Moving Star
3.45—Ribellaro
4.45—Manor Farm Boy

# TV/Radio

† Indicates programme in black and white

## BBC 1

6.40-7.55 a.m. Open University. 9.41 For Schools, Colleges. 11.20 On the Move. 11.30 Cricket, Second Test: The Cornhill Insurance Test Series: England v Pakistan. 1.30 p.m. Chigley. 1.45 News. 2.00 You and Me. 2.15 Cricket, Second Test. England v Pakistan. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Sinbad and the Tamed Demon told by Paul Jones. 4.35 Heads and Tails. 4.50 Laff-a-Lympics. 5.10 Blue Peter. 5.35 Roobarb.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 World Cup Report.
7.05 Tomorrow's World.
7.30 Top of the Pops.
8.00 Rosie.
8.30 Citizen Smith.
9.00 Party Political Broadcast by the Labour Party.
9.10 News.
9.35 The Songwriters: Leslie Stuart.
10.25 I, Claudius.
11.15 Tonight.
11.55 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—1.30-1.45 p.m. Mr. Benn. 4.50-5.10 Y Llewod a Mistar Mostyn. 5.55-6.20 Wales Today. 11.55 News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 11.55 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich): Look North (Leeds, Manchester, Newcastle): Midlands Today (Birmingham): Points West (Bristol): South Today (Southampton): Spotlight South West (Plymouth).

## BBC 2

6.40-7.55 a.m. Open University.
11.00 Play School.
2.00 p.m. Tennis: The John Player Tournament.
4.30 Cricket. Second Test: England v Pakistan.
6.35 Open University.
7.00 News on 2 Headlines.
7.05 The Engineers.
7.30 Newsday.
8.05 Gardeners' World.
8.30 In Deepest Britain.
9.00 Party Political Broadcast (As BBC-1).
9.10 Midweek Cinema: "The Madwoman of Chaillot," starring Katharine Hepburn, Charles Boyer and Danny Kaye.
11.20 Late News on 2.
11.30 Cricket: Second Test (highlights).
12.00-12.10 a.m. Music at Night.

BBC-2 Wales only—7.05-7.30 p.m. Heddiw. 12.00-12.25 a.m. The Engineers.

## LONDON

9.30 a.m. Schools Programmes. 11.39 Kimba. 12.00 Gammon and Spinach. 12.10 p.m. Daisy, Daisy. 12.30 News plus FT Index. 12.55 Help! 1.00 World Cup '78. 2.00 After Noon. 2.25 The Crezz. 3.20 Quick On the Draw. 3.50 The Sullivans. 4.20 Little House on the Prairie. 5.15 World Cup '78.

5.45 News.
6.00 Thames At 6.
6.50 Crossroads.
7.15 Mr. and Mrs.
7.45 Best Sellers.
9.30 Mrs. Amworth.
10.00 Party Political Broadcast by the Labour Party.
10.10 News.
10.40 What About the Workers.
11.10 Whicker's World: Palm Beach, Florida.
12.10 a.m. What the Papers Say.
12.25 Close: Music by Rodrigo with a painting by Velasquez.

All IBA Regions as London except at the following times:—

### ANGLIA

12.55 pm Anglia News. 2.00 Women Only. 4.20 Rocket Robin Hood. 4.45 Emmerdale Farm. 6.00 About Anglia. 6.35 Arena. 7.15 Enterprise. 10.40 Feature Film: "See You In Hell, Darling" starring Janet Leigh, Stuart Whitman and Barry Sullivan. 12.25 am The Living Word.

### ATV

12.50 pm ATV Newsdesk. 4.20 The Three Musketeers. 6.00 ATV Today. 7.15 Emmerdale Farm. 11.10 Gardening Today. 11.40 Dan August.

### BORDER

†12.50 pm Border News. 4.20 Code R. 6.00 Lookaround Thursday. 6.30 The Flintstones. 7.15 Emmerdale Farm. 11.10 Danger in Paradise. †12.10 Border News Summary.

### CHANNEL

12.48 pm Channel Lunchtime News and What's On Where. 6.00 Channel News. 10.00 Review. 10.38 Channel Late News. 10.42 The Open Air with Clive Gunnell. 11.10 Play: "The Discretion of Dominic Ayres." 12.10 am George Hamilton IV. 12.35 Actualities et Projections.

### GRAMPIAN

9.25 am First Thing. 12.55 pm Grampian News Headlines. 6.00 Grampian Today. 11.10 Reflections. 11.15 Cover to Cover. 11.45 Streets of San Francisco. 12.40 am Grampian Late Night Headlines.

### GRANADA

11.39 am Clue Club. 12.50 pm This Is Your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.45 World Cup. 7.15 Emmerdale Farm. 10.40 What's On. 11.10 What The Papers Say. †11.30 The Untouchables.

### HTV

12.50 pm Report West Headlines. 12.55 Report Wales Headlines. 2.00 Women Only. 3.50 Beryl's Lot. 4.20 Children in 1944. 4.45 The Flintstones. 5.20 Crossroads. 6.00 Report West. 6.22 Report Wales. 6.45 World Cup. 10.45 Amoureuse. †11.15 The Late Film: "The Unseen" starring Joel McCrea.

HTV Cymru/Wales—As HTV General Service except: 12.50-12.55 pm Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.35-4.45 Sereb Wib. 6.00-6.22 Y Dydd.

HTV West—As HTV General Service except: 12.50-1.00 pm Report West Headlines. 6.22-6.45 Sport West.

### SCOTTISH

12.50 pm News and road report. 2.00 Women Only. 4.20 Six Million Dollar Man. 5.15 The Bubblies. 5.20 Crossroads. 6.00 Scotland Today. 6.15 Garnock Way. 6.45 World Cup. 7.15 Coronation Street. 10.45 What About the Workers. 11.15 World Worth Keeping. 11.45 Late Call. 11.50 The Prisoner.

### SOUTHERN

12.50 pm Southern News. 2.00 Women Only. 4.20 Dynomutt—the Dog Wonder. 4.45 The Lost Islands. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 6.45 World Cup. 7.15 Emmerdale Farm. 10.40 The Practice. 11.10 Your Westminster: The Man from the Market. 11.55 Southern News Extra. 12.05 am What the Papers Say.

### TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 12.50 pm North East News and Lookaround. 2.00 Women Only. 6.00 Northern Life. 7.15 Emmerdale Farm. 10.40 Double Top. 11.20 An Audience with Jasper Carrott. 11.50 The Protectors. 12.20 am Epilogue.

### ULSTER

### WESTWARD

### YORKSHIRE

## RADIO 1 247m

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett

## RADIO 2 1,500m and VHF

## RADIO 3 464m, Stereo & VHF

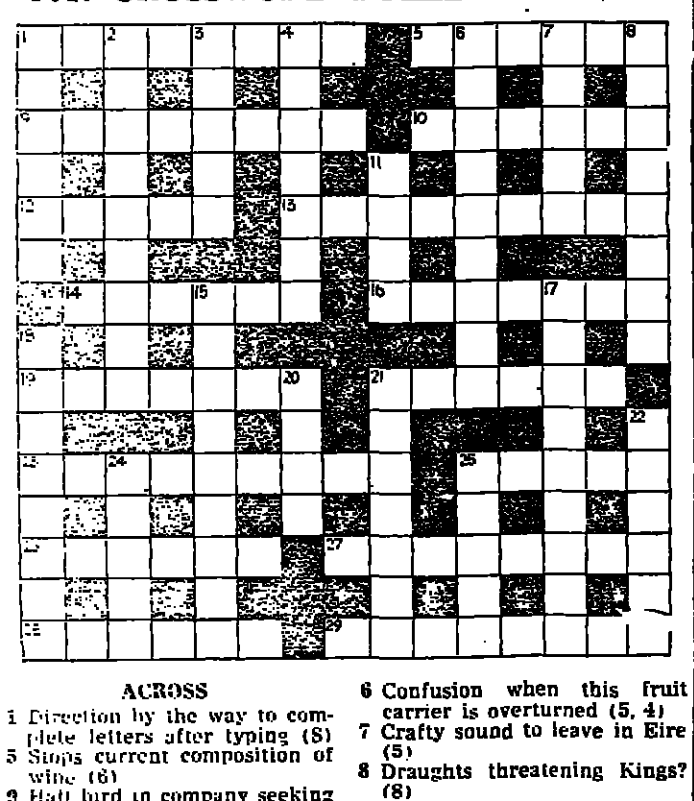
## RADIO 4 434m, 330m, 285m and VHF

## BBC Radio London 206m and 94.9 VHF

## London Broadcasting 261m and 97.3 VHF

## Capital Radio 194m and 95.8 VHF

# F.T. CROSSWORD PUZZLE No. 3,693



ACROSS

1 Direction by the way to complete letters after typing (8)
5 Stops current composition of wine (6)
9 Half bird in company seeking national assistance (4, 4)
10 Odds on ceremony involving fairy (6)
12 Hiding place for third-class airman (male) (5)
13 Obtain volume, say, according to rules (2, 3, 4)
14 Maidenhead is place to lose for the moment (6)
16 Old boy returns flower to braggart (7)
19 Girl determined to skip (4, 3)
21 Another ten ring doctor in Bury (6)
23 Mean birth to lead to bare pass (3, 6)
25 Point to house of film star (5)
26 Gunners in coffee-house hit the bottle (6)
27 Play for time backing number one horse (8)
28 Explanation of things happening on the Circle Line . . . (6)
29 . . . before Scots leader grew old as forecast (8)

DOWN

1 Like this fastener to offer comfort (6)
2 Potato dish for willing carpenter (4, 5)
3 Stuff about the chaplain (5)
4 In which treatment is given to injured horse (4, 3)
6 Confusion when this fruit carrier is overturned (5, 4)
7 Crafty sound to leave in Eire (5)
8 Draughts threatening Kings? (8)
11 Attempt to upset runmakers (4)
15 Tried to find what was expected (6, 3)
17 Check speed of person giving present (4, 5)
18 Understood how to make a little mischief lawful (8)
20 Rent paid to navy (4)
21 Point parish priest makes to builder (7)
22 Was inclined toward skinny newsman (6)
24 Inferior line-up's oriental (5)
25 Red in the arms (5)

SOLUTION TO PUZZLE No. 3,692

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ■ | W | I | L | L | I | A | M | A | N | D | M | A | R | Y |
| S | ■ | N | ■ | A | ■ | P | ■ | V | ■ | E | ■ | P | ■ | E |
| T | A | T | T | Y | ■ | O | V | E | R | T | H | R | O | W |
| A | ■ | R | ■ | U | ■ | C | ■ | N | ■ | R | ■ | O | ■ | T |
| T | R | O | U | P | E | R | ■ | S | P | I | N | N | E | R |
| I | ■ | V | ■ | ■ | ■ | Y | ■ | ■ | ■ | M | ■ | ■ | ■ | E |
| C | R | E | A | M | ■ | P | E | R | S | E | V | E | R | E |
| ■ | ■ | R | ■ | A | ■ | H | ■ | E | ■ | N | ■ | L | ■ | ■ |
| S | E | T | I | N | H | A | N | D | ■ | T | R | E | S | S |
| T | ■ | ■ | ■ | D | ■ | ■ | ■ | S | ■ | ■ | ■ | C | ■ | E |
| E | N | C | R | O | S | S | ■ | E | R | R | A | T | I | C |
| A | ■ | E | ■ | L | ■ | T | ■ | T | ■ | O | ■ | R | ■ | O |
| M | E | N | D | I | C | A | N | T | ■ | D | R | O | W | N |
| U | ■ | U | ■ | N | ■ | F | ■ | E | ■ | E | ■ | D | ■ | D |
| P | U | S | H | E | D | F | O | R | M | O | N | E | Y | ■ |

# ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office.

## OPERA & BALLET

## THEATRES

## CINEMAS

**Lyttelton/Elizabeth Hall**

# John Cage

by DOMINIC GILL

*IN 1912, the year John Cage was born in Los Angeles, his father, John Milton Cage, established a world underwater record by staying submerged in a submarine of his own design for 13 hours, with 13 people on board, on Friday, June 13. He was not interested in the practical implications of the experiment. The act itself, he insisted, was its own justification.*

What form should a review of John Cage ideally take—the homage (or irony) of a perfectly blank space? A straight review, its paragraphs shuffled according to chance operations dictated by the *I Ching*?

"*For me composition is not making choices, but asking questions . . .*"

Three works by John Cage came to London on Tuesday evening. One of them, an excerpt from Part II of *Empty Words*, was performed by the composer himself in the Lyttelton Theatre. One the face of it, the idea is absurd: a mix of words, part-

**Book Reviews are on Page 33**

words and syllables obtained by chance operations from the *Journal* of Cage's beloved Thoreau—"no greater American has lived;" a jumble of half-sense and non-sense spoken aloud, the oddest homage to a writer whose own use of words is so pre-eminently uncluttered, keen and direct. But the quiet, hypnotic magic of the performance, accompanied (relevantly or irrelevantly as you like) by much-magnified slides of Thoreau drawings, cast its own shadow: a quiet deliberate delivery, close to the microphone—was there once or twire a flicker of laughter in this surreal and gravely beautiful liturgy?

"*I am still really thoroughly puzzled by this way of composing by observing imperfections on paper. It is this being thoroughly puzzled that makes it possible for me to work. I am puzzled by hearing music well played, too. If I'm not puzzled, it wasn't well played . . .*"

*In the Elizabeth Hall*, Grete Sultan played 16 of the 32 *Etudes Australes* for solo piano. Only the pitches and a few general distinctions of duration are given by the score, which Cage prepared by chance systems from a book of star maps of the southern hemisphere, *Atlas Australis*. Tempi and dynamics remain free for the performer to choose. The music "sounds" like a star map: a complex pattern of points of light and silence, delicately coloured by shimmering ghost resonances from a group of bass notes silently depressed and held down through each Etude.

The special character, and challenge, of the *Etudes* is their very openness: pianists should find it fascinating, and rewarding, to work out for themselves different schemes of performance—very quiet, very loud, even, uneven, consistent, inconsistent. Miss Sultan gives them baldly, virtually without textural or dynamic variation, and at a fairly constant basic tempo, like a sequence of faded monochrome snapshots. Other performers will doubtless find more interesting ways to present them: two years ago, at the European premiere in London of a selection from the second book of *Etudes*, Richard Bernas gave a more satisfying reading, more pungent, delicate and varied. Why not, for example, a group, or one of a group, of the *Etudes* played *piu piano e presto possibile*?—supremely difficult, but I should guess an electrifying effect.

*Before studying Zen, men are men and mountains are mountains. While studying Zen, things become confused. After studying Zen, men are men and mountains are mountains. After telling this, Dr. Suzuki was asked, "What is the difference between before and after?" He said, "No difference, only the feet are a little bit off the ground."*

*Cheap Imitation* was originally written for piano solo in 1969 to take the place of Satie's *Socrate* as an accompaniment to Merce Cunningham's dance *Second Hand*—the French copyright holder had refused permission to arrange the original for two pianos. Cage later arranged *Cheap Imitation* for an orchestra of 24 to 95 players, and this year, at the request of the violinist Paul Zukofsky, for solo violin—"in order to do it, I study under Zukofsky's patient tutelage, not how to play the violin, but how to become even more baffled by its almost unlimited flexibility. *Cheap Imitation* for violin is one of the results of this study. I wrote the notes. The editing is Zukofsky's, though he did it in my presence and often asked me of which of several possibilities I preferred."

The piece unwinds, sometimes muted, quietly, coloured by the sour-sweet timbre of mean intonation, a lonely monody, sung high and clear. The performance is good. We are, gently, puzzled.

"*Unless we do these things, nothing changes.*"

**Greenwich**

# The Golden Cradle

by B. A. YOUNG

The title covers a bill of five short plays by some seminal writers of Dublin's Abbey Theatre. They are directed by Siobhan McKenna and, insofar as I am qualified to judge, seem to me absolutely authentic in style. The sets on the open stage are reduced to the necessary minimum, and the excellent company, all but one of them Irish and she an experienced stage Irishwoman, have the characteristic singing delivery of the lines, so different from most speech in the English theatre today. This is a proper medium for the demi-poetic treatment of the pretty Irish talk used by all three of the writers represented — Lady Gregory, Yeats and Synge.

Lady Gregory, though she evidently had a sharp ear, is the least interesting of the three. Her little tale of an Irish policeman conned by a wanted rebel into letting him past the cordon sanitaire is no more than a puffed-up bar-room tale, and no doubt owed its production to its tinge of nationalism and to its author's privileged position.

Yeats is represented by three pieces. *The Cat and the Moon* is a typical piece about beggars at a holy well given the choice of blessing or cure. There is an odd forecast of Beckett about it. *Purgatory* deals with a tinker who knifes his son lest he should grow up like his, the tinker's, father; and *The Pot of Broth* tells jokily how a tramp swindles a countrywoman into providing him with a meal by pretending to sell her a magic stone. The final play, Synge's *Riders to the Sea*, is probably the best-known piece of the evening, even if only through Vaughan Williams. Its tale of the old woman who loses the sixth of her six sons after a supernatural visitation is really the nearest to a solid work of art, and with Siobhan McKenna at its centre it provides a moving half-hour.

But the trouble about all three authors seems to be that though they wanted madly to write about the "farmers and potato diggers," they only wrote anecdotes about them and their characters were museum reconstructions. Their plays are of much academic interest and some sentimental interest. Then, by the grace of God, Sean O'Casey came along and native Irish theatre became a real thing that shows Irish life as seen by the potato-diggers, and the Dublin workers, themselves, unfiltered through an alien intellec filtered through an alien intellect.



## Jazz on the Thames

A series of Friday evening jazz cruises on the River Thames is being launched on June 23 with the Mike Westbrook Brass Band.

The succeeding Fridays will feature the following groups: June 30 Big Chief, with tenorist Dick Heckstall-Smith; July 7, El Skid (Elton Dean, Alan Skidmore, Chris Laurence, Louis Moholo); July 14, the Harry Miller Four; July 21, Company, with Derek Bailey, Evan Parker and Tony Oxley; July 28, the Mike Osborne quintet; and August 4, Elton Dean's Ninesense.

Embarkation is from Westminster Pier promptly at 7.45 pm, return at 11. Tickets, sold only in advance, cost £3.75 (students, Jazz Centre Society and 100 Club members, £3).

The events are being organised by Ogun Promotions, part of Ogun Records, to whom applications for tickets should be made at 35 Eton Avenue, London, NW3 (794 4490).

## Suzman, Scales and Kohler at the Open Space

Janet Suzman, Prunella Scales and Estelle Kohler will play the roles of three high-class prostitutes in Philip Magdalany's comedy *Boo Hoo* to be directed by Charles Marowitz at the Open Space, Euston Road, NW1, opening on July 25.

The play concerns the machinations of three ladies of easy virtue who work their way up into the highest social cirles and reunite in Miami during an economic summit conference.

**Holland Festival**

# Der Kaiser von Atlantis

by MAX LOPPERT

Money was again in short supply at the Holland Festival this year. There had been hopes of staging for the first time *De Thijl*, a Till Eulenspiegel opera from the 1930s by Jan van Gilse (d.1944), which had evidently made a strong impression in the 1976 Amsterdam concert performance that was its belated première. In the event, all that could be operatically afforded was a single new production, *Don Giovanni* by Götz Friedrich, and a revival of *Der Kaiser von Atlantis* by Viktor Ullman (first brought to light by the Netherlands Opera in 1975) in a double bill with Schoenberg's *Pierrot Lunaire*.

The facts of Ullmann's life and death are briefly and painfully told. A Czech Jew born in 1898, he became a Schoenberg pupil in Vienna, and later conducted operetta and taught music in Prague. His compositions include a *Peer Gynt* opera, a piano concerto, and much chamber music. In 1943 he was deported to Theresienstadt; there, with Peter Kien, a talented caricaturist, poet, painter, and musician as his librettist, he wrote *Der Kaiser*, a "Legende in vier Bildern." The piece was intended for performance by prisoners, and was evidently rehearsed (the roll-call of proficient players and singers must have been considerable), but was banned before its first public showing. In 1944 Ullmann and Kien were transported to Auschwitz, where they died. The opera was thought to have disappeared with them, until in 1974 the score came to light in London. It was edited, and its chamber orchestra scoring completed, by Kerry Woodward, conductor of the Amsterdam première and of these festival performances.

The full title is *The Emperor of Atlantis, or Death Abdicates*. Pierrot (tenor) sings mournfully of a world now ruled by violence and war, in which he no longer has the power to make people laugh. He begs Death (bass) to release him, but Death refuses. Overall, the Emperor (baritone) isolated from his citizens, whom he rules by means of the Loudspeaker (baritone), proclaims universal war as the duty of every citizen. Death retaliates by withdrawing his services from mankind; great suffering and rebellion ensue. Finally, the Emperor begs Death to return to work: Death agrees, fixing as his condition that the Emperor becomes his first victime. A Finale clarifies the implied moral.

*Der Kaiser von Atlantis* evokes a complicated response. Judged by normal critical standards, it is revealed as a competent and fluent piece without special interest. The score is put together in number of Weill-like cut—song, recitative, aria, dance intermezzo, "Wahnsinnsterzett," and so on — whose Weill-like scoring emphasises a comparable want of melodic flavour, of dramatically deployed musical irony or cutting edge. Three times the music kindles a more distinctive response to the text: in the lyrical duet for the Soldier (tenor) and the Girl (soprano); in the announcements of the Drummer (a mezzo *en travesti*); and in the Finale, where, chorallike, the vocal stanzas emerge clear-cut out of the chugging Hindemithian accompaniment.

But normal standards should not, and in the event do not, apply. If one is moved again and again, for "extraneous" reasons, above all by meditating, in the light of the work's history, on the final apostrophe to death — "Komm, Tod, du unser werter Gast,/ in unsers Herzens Kammer./Nimm von uns Lebens Leid und Last; führ uns zur Rast/ nach Schmerz und Jammer" — this seems to me just as it should be. The work is a document as well as an opera.

The producer, Rhoda Levine, and her designer, Robert Israel, had devised the staging as a performance taking place inside Theresienstadt or Auschwitz, as it were, with harsh, pitiful, and threadbare props and costumes, and a demeanour on the part of the players implying overwhelming physical and spiritual degradation. This was, I felt, a serious error of judgment; for any dramatic colour inherent in the work tended to be overbalanced, while at the same time the symbolism in the text was unnecessarily underlined. (Was anybody in the audience really in danger of ignoring symbolic overtones in the opera, or of forgetting for a single moment its background?) Coupled to this outbreak of Producer's Interference were instances of rather feeble sub-Beckettism in the acting and some rather under-projected singing — the Emperor was inexcusably weak-voiced. I don't believe this production does full justice to *Der Kaiser*, even though the playing of the 14-man orchestra was spirited and accurate. But I'm grateful to have encountered it, all the same.

Producerism was on display with a vengeance at the Amsterdam Stadsschouwburg, in a *Don Giovanni* disfigured by all the worst features of a Friedrich production, and with very little in the way of redeeming theatrical vitality. The list of the producer's revisions of and accretions to the libretto is long: notable among them a statue that makes no move, a "Non mi dir" that takes place in the cemetery (Anna has arrived there by night to place lilies on her father's monument, and is there discovered by Ottavio, this little scene enacted in an embarrassing silence—how thoughtless of Mozart to have left no music for Friedrich's opera!); a final downfall without the descent to Tell—luridly painted monsters doing nightclub dance-routines finish Giovanni off instead.

The list of elaborations to the action is no less long. Throughout the opera, red lighting marks the spot where the Commendatore died, glowing up at Significant Moments like the Grail in *Parsifal*. There is much supervention of minor characters ("Batti, batti" is played out before an audience of drunken peasants): much energetic tussling (Anna spends much of her opening scene upside-down); much of that lolling about on the floor to suggest a liberated sexuality that has become the most wearisome of contemporary stage clichés. It was all, no doubt, in the service of some heavy-breathing. Teutonically earnest Interpretation (Holland appears to have been spared the pages and pages of exegesis and self-explanation that usually accompany a Friedrich production). Instead, the effect was coarse, clumsy, deeply unmusical, and infinitely tedious.

This pretentious-provincial *Don Giovanni* was peopled by a cast of no more than moderate singers, in which only Gabriel Bacquier's Leporello (despite reduced vocal means), Lillian Watson's Zerlina and Ellen Shade's Elvira were able to suggest any passing awareness of Mozartian felicity and grace in their music. Edda Moser, the Anna, seems to have developed a dreadfully blowzy, hard-pressed method of vocal emission recently—where is the sweet, full tone of only a couple of years ago? Rüdiger Wohlers' Ottavio sang his words as if reading them phonetically off a fast-moving telecast. In the title role, Wolfgang Brendel strained every nerve to make himself the swaggering vulgarian Friedrich has wished on the character, in defiance of every bar of his music; but though tall and presentable of face and figure, he signally lacks magnetism of personality and voice — the phrases were square-cut, and choppily uttered. The sets, the familiar Friedrich amalgam of black, metal, and props on tracks, were this time by Andreas Reinhardt. The efficient, uninspired conductor of the Radio Philharmonic Orchestra was Hans Vonk.

Though not reflected in the choice of opera, the theme of the 1978 festival is "folk-art and its relations with classical art" (whatever the latter may be). In addition, music theatre events (Kagel, Cage, Stockhausen) and an enjoyably heterogeneous mixture of concerts and dance fills out the bill. On Saturday evening I elected to go to Rotterdam's splendid De Doelen concert hall, where the Rotterdam Philharmonic was celebrating its 60th birthday by giving a programme of Mozart and Diepenbrock under David Zinman, who next year replaces Edo de Waart as the orchestra's chief conductor. In the *Posthorn* Serenade one could hear how much more assured the orchestra sounded on home territory than in its rather hard-pressed Albert Hall concerts during last year's Prom season.

*Alphons Diepenbrock* (1862-1921), placed by Grove "at the head of the Dutch school of composition then rising," originally intended his *Missa in die festo* for solo quartet, full chorus, men's chorus, and full orchestra. Rebuffs from the performers for whom the work was planned caused him eventually to recast it for tenor, men's chorus, and organ: this concert marked the first performance of the original version as completed by Hendrik Andriessen. A work of noble purpose and large scale, it is limited by the feeling of monotony in the gait of its six movements—everything seems to be in the same *andante moderato*, and in the same 4/4 with triplets likely in the last two beats of the bar.

In his day Diepenbrock was reproached for excessive chromaticism. This is less marked than the finally enervating droop of the vocal lines, a sort of cross between Horatio Parker and Delius, and the organ-loft orchestration. The performance, by the orchestra, the Groot Omroepkoor NOS and a male contingent from the BBC Chorus (sounding magnificently forthright in this radiant ambience), and an interesting solo quartet headed by the Canadian soprano Clarice Carson, seemed carefully prepared, and full of festive devotion. It is to be broadcast by the BBC, at a date still to be decided.

Der Kaiser von Atlantis

**Richmond Theatre**

# Theatre Ballet of London

The "gems from the classics" view of touring ballet is not one with which I have much sympathy. If the regions are to see the standard repertory it must be decently presented and more than decently danced; it does ballet itself a gross disservice to offer shrunken approximations of 19th century works, with performers unreasonably stretched in choreography too searching for their abilities. The continued demand for the traditional favourites—and an infinity of *Swan Lake* and *Coppélia* would keep many a provincial theatre permanently full— must only be met by presenting these sacred monsters at their very best.

So Norman McDowell and his new Theatre Ballet of London seem to me to be begging several questions by offering fragments —*Napoli*, *Swan Lake*, *Giselle* in penny numbers—and allowing audiences to suppose that they make much sense as examples of classical ballet. With the best will in the world I cannot feel that this company is of a standard as yet to sustain much criticism: the dozen hard-working dancers who bustle about to recordings of tried and true favourites offer distinctly meagre artistic fare.

In this week's programmes at Richmond several guest artists are appearing. Maria Guerrero and Peter Mallek bring a welcome technical sparkle to *Le Corsaire*, and better still, Miss Guerrero dances with Robert North in the latter's *Reflections*. This is an emotional and well-argued duet which has the added advantage of being set to the adagio from Howard Blake's piano quartet, a work by a composer unafraid of melody, whose music — unfashionable perhaps in its lyricism and craftsmanship — is well worth getting to know.

Yesterday evening's programme also brought Belinda Wright in a version of *Giselle* Act 2 reduced to its essentials: the Wili Giselle and Albrecht (a part taken by Peter Mallek), and the cross on the heroine's tomb. In a bizarre way, with no help at all from a production, Belinda Wright's imaginative grasp of the role made a good deal of sense. Muted though her dancing was, it had a touching delicacy of style, and seemed more persuasive than many another bolder opera-house interpretation. Odd. Poetic. Unexpected. Memorable.

CLEMENT CRISP

Ian McDiarmid, John Carlisle, Frank Windsor and John Woodvine — Leonard Burt

**Mermaid**

# Every Good Boy Deserves Favour

by MICHAEL COVENEY

What an extraordinary piece of music theatre this is! I did not see the only previous performance, at last year's John Player Festival in the Festival Hall, but with a new cast and an *ad hoc* small orchestra under the baton of Michael Lankester, the happy collaboration of Tom Stoppard and Andre Previn about two inmates of a Soviet psychiatric ward looks set to win the wide audience it deserves.

Alexander (John Woodvine) is an insignificant writer on the fringe of a dissident group whose response to authoritarian persecution is glazed puzzlement and the start of a hunger strike ("We've only had one hunger strike here before: and that was because of the food"). His cell-mate, Ivanov (Ian McDiarmid), is a *bona fide* eccentric who imagines himself to be a triangle player in a large orchestra. They are supervised by a dotty Doctor (Frank Windsor) who actually *does* play in the orchestra and turns his clients' objections inside out by adopting a brilliantly funny lateral line in Stoppardian chop logic.

In the background there is a grim lady schoolteacher vainly trying to educate Alexander's young son in the preliminaries of geometry. The language fuses geometric imagery with musical terminology and the State line on freedom of the individual. The young boy at one point visits the doctor, who plucks the arpeggiated ninth of EGBDF on his violin before despatching the lad to wander through the musicians' desks reciting "*Papa, don't be rigid, be brave and tell lies.*"

Previn's score is a superb amalgam of Soviet styles, but especially good in the Prokofiev pastiche department. Ralph Koltai's design contains a grimly penitential bed-sit within the plush red of a concert hall, and Trevor Nunn's precise direction balances serious argument and linguistic conceit in appropriately equal proportions. The show only lasts 68 minutes but it says more in that time than a volume of documentary evidence.

**Festival Hall**

# Arrau by DOMINIC GILL

It is the received wisdom (and not wholly without cause) that Claudio Arrau today is no longer the great Beethoven interpreter that he was 20 and more years ago. But it is, too, a wondrous fact—and one of the exhilarating things about music and music-making—that as often as not the received wisdom is wrong. Last night it was not proved wrong merely, but brilliantly, decisively refuted: two performances by Arrau, of Beethoven's fourth and fifth piano concertos, each a marvel of glittering authority, poise and eloquence —the playing of a pianist unmistakably at the zenith of his powers.

In the fourth concerto, as well as glitter, and in the lyrical conversations a generous broadness of line, there was fire: in the shining trills, and in the bright, pungent rhythms, and unusually urgent, explosive cadenza. In the *sempre pianissimo* pages of the *andante* Arrau's tone rarely ventured below a robust *mezzoforte*—here too there were flames barely below the surface, powerfully contained: a springboard to the *finale*, taken at a fast, easy vivace, light and strong.

In the Emperor, the tension of the fourth concerto, a deep spring for all its force not yet entirely unwound, was released in a blaze of glory. And not in bright primary colours only, but a glory of half-lights and half-tones—in cascades of feather-light half-staccato; in the adagio, magically simple, unassuming, direct: in much marvellous pedalling, and in the inner voices of chords, subtle play of grade and accent. A fierce, noble performance, driven with manic energy, proudly sustained, that brought the house cheering to its feet. The orchestra was the LSO, warm-toned, well-tuned, once or twice inspired—in the adagio of the Emperor one remembered especially one ravishing sonority of muted strings and wind. The conductor was Walter Susskind, quick and attentive, exemplary accompanist.

## 'The Changeling' at Riverside Studios

Peter Gill's next production at Riverside Studios, W6, will be *The Changeling* by Thomas Middleton and William Rowley. Written in 1622, this Jacobean tragedy was last seen in London at the Royal Court Theatre in 1961 and will open on August 29, closing on October 1.

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# Sound and fury

A FULL-DRESS confidence debate on four years of economic strategy might suggest that we had just reached some great turning-point in our economic affairs, rather than the resolution of a relatively minor crisis in the market for Government stock: but a Chancellor's record must be judged on the performance of the economy, and the rhetoric in the House of Commons yesterday was built on far too little evidence to carry much conviction on either side. The basic position has been clear for some months. The balance of payments and the value of sterling are now underpinned by North Sea oil, and thanks to this unpolitical contribution to the economy, a fairly rapid recovery in real incomes has been possible—rather more rapid, in fact, than can be sustained or than the Government would have wished. This rising income is supporting a sharp recovery in retail sales. Everything else is doubtful.

### Competitiveness

That exclusion unfortunately embraces nearly every useful indicator of our future economic performance. This depends crucially on the competitiveness of British industry, both at home and abroad. Production and investment are sharing in the general recovery, but it is far too early to judge whether they are sharing adequately. The trade figures are more than usually obscure, distorted not only by volatile items but by the effects of a docks dispute.

The Chancellor did his bit more than three years ago to enable industry to finance its operations in an inflationary age through stock appreciation relief; he has recently followed Liberal advice and taken back some of that benefit through national insurance. However, many of the main determinants of performance — confidence, imagination, labour relations — are quite outside his sphere of influence.

Indeed, one can say that while no Chancellor can contrive a growth rate higher than industrial performance will deliver, he can place obstacles in the way of industry: in collecting the money to support the public sector, he is the administrator of a necessary evil. In financial management — the funding of government debt, the dilemmas posed between monetary policy and exchange rate stability—he can only try to avoid unnecessary lurches.

Mr. Healey originally stood for high taxes and high expenditure, and the damage done to the private sector by the unchecked growth of public spending in the years up to and including 1975 is severe. Mr. Healey, however, is one of the rare Chancellors who has remained in office long enough to reverse some of his own mistakes. The growth of spending was checked very sharply, and even in the present year of rebound, is only rising in real terms roughly in line with national output.

The Chancellor can certainly not claim to have avoided financial crises. The instability of both interest rates and of the exchange rate has damaged confidence and made planning difficult. We have persistently criticised the technical means used to execute monetary policy, which have done much to produce these results. Perhaps the most that can be said in the Chancellor's defence is that the Opposition have contributed very little to the discussion of the essentially technical and non-political issues involved. The most recent crisis has been caused as much by distorted figures as by the market's justified worries about the size of the public sector borrowing requirement.

We have criticised Mr. Healey for running risks through mistimed fiscal stimulus, and some rise in interest rates is the price of that error—though the current level of rates is simply the peak of a market cycle. What will only become clear with the passing months is the weight of private credit demand. If it proves heavy, the Chancellor's strategy—broadly endorsed in terms of fiscal balance by the Opposition—will lead to trouble; but if improved cash flow and real incomes limit credit demand, as was the case in the U.S. recovery, the problem will be manageable.

### Trivialities

The really important questions about Mr. Healey's strategy cannot, then, be answered at this stage, so the debate necessarily centred on relative trivialities. It is absurd for the Chancellor to accuse the Opposition of gross irresponsibility in cutting taxes further, and especially higher rate taxes; were he as good as his private word, he would have done so of his own accord. We have commented sharply on the way he has chosen to recover the revenue, which was certainly not the least damaging economically, though it may have been in electoral terms; but the issue is hardly one on which the fate of the Government should hang. Mr. Healey is not a lovable Chancellor, and his recent conduct has not been marked by tact or finesse; but it is results which count, and cannot yet be counted.

# Competition in air fares

THE U.S. Civil Aeronautics Board's proposal to withdraw U.S. airlines from the International Air Transport Association's fares agreements would appear to be the final body blow to IATA's role as a price-fixing body. It comes as IATA is itself about to discuss the report of an internal committee proposing a fundamental recasting of its fares-fixing activities. What the CAB is in effect saying—particularly to airlines which may be averse to change—is that, radical though IATA's own ideas may be, they do not go far enough to satisfy the U.S. civil aviation authorities.

The IATA reforms, which were drawn up by a five-man committee of airline chairmen and chief executives, would provide considerable scope for competition in both price and service by making participation in the organisation's fares conferences optional rather than compulsory and by abandoning most of the rules which now govern the kind of in-flight service members can offer.

The IATA meeting at Montreal at the end of this month to discuss these changes is likely to be a contentious affair for the prospect of open competition is more than some airlines—and governments—can stomach, while the committee's proposals are the barest minimum some of the bigger carriers, such as Pan American and British Airways, are prepared to accept if they are to remain in the organisation. The chances of the proposals, or something like them, getting through have therefore been considerably improved by the CAB move.

The threat to IATA's cartel activities has been building up for some time and can be traced to the marked changes in the market for air travel. Airlines responded to the growth of tourist and student traffic—and of non-IATA charter airlines—by progressively adding to the multiplicity and complexity of fares structures designed originally to cater for business travel. The final blows were the introduction of the Laker Skytrain service last year, the growing awareness on the part of some governments of the "consumer interest," and—perhaps most of all—the determination of the U.S. authorities to bring about a more competitive climate.

The attitude of the U.S. authorities has to be seen in the wider context of their changing views towards regulatory policy in transport generally. Internal air services in the U.S. have already been substantially de-regulated and a similar approach is now being applied to the U.S. trucking, or road haulage, industry. International liner shipping conferences have of course long attracted the attention of the U.S. anti-trust authorities but here the position is more complex. The U.S. merchant fleet is competitively far weaker than the U.S. airlines: it carries only 5 per cent of U.S. seaborne trade and, as in many developing nations, there is considerable U.S. support for a system of cargo preferences for defence as well as employment reasons. Moreover, the shipping conferences are being pressed hard by the rapid build-up of the Russian maritime fleet.

The end of the air fares cartel on the North Atlantic and elsewhere will not lead to totally free competition. Governments have national flag carriers, many of them State-owned, as well as the consumer to protect. But the presence of effective competition in price and service is by far the best guarantee of the consumer interest and should reduce the need for regulatory intervention on at least the busier routes.

# Tinkering with problems of London's industrial decay

By JOHN BRENNAN and DAVID CHURCHILL

A FURTHER stage in the now fashionable drive for inner city renewal was marked by Tuesday's policy statements by the Greater London Council, outlining plans for an £855m road improvement programme and rent and planning incentives to draw industrial jobs back to the capital. But already these plans have been criticised as being too little and too late to reverse the decline of London's manufacturing base.

In 1961 a fifth of the working population in England and Wales worked in Greater London. By 1975 the proportion had fallen to 18 per cent, or 3.9m people. And over that 15-year period the proportion of manufacturing jobs in this declining workforce fell from 32.6 to 22.2 per cent. Without a radical change of policy the GLC's Industry and Employment Committee has given a warning that a further 300,000 jobs will be lost to the capital by 1981, most of which are in the industrial sector.

The GLC hopes to reverse this steady drain of industrial jobs by improving road communications and by rivalling the incentives available to firms employing labour in the development areas.

Its road plan is welcomed by the London motorist associations, attacked by the Labour Group on the council as a programme that will sacrifice the capital's public transport to the private car, and rather sadly is dismissed by industrialists and road freight operators as only a small step towards a solution to the problems of traffic congestion.

The Movement for London Committee, which represents the Confederation of British Industry, the motoring organisations and the major road freight federations, estimates that there will be between 500,000 and 1.25m more motor vehicles fighting for space on London's roads by 1990, in addition to the 1.8m in London now. And the GLC's new commitment to roads, with expenditure increased from the £66m of the past five years to £155m between 1978 and 1983 rising to £280m and £420m in the succeeding quinquennia, can only hope to keep road improvements in line with this traffic growth.

Under the present system of road financing there is simply not enough cash to make a radical improvement to the road network even if full acceptance of the road lobby's case were politically feasible. And the abandonment of the inner London motorway plans proves that it is not.

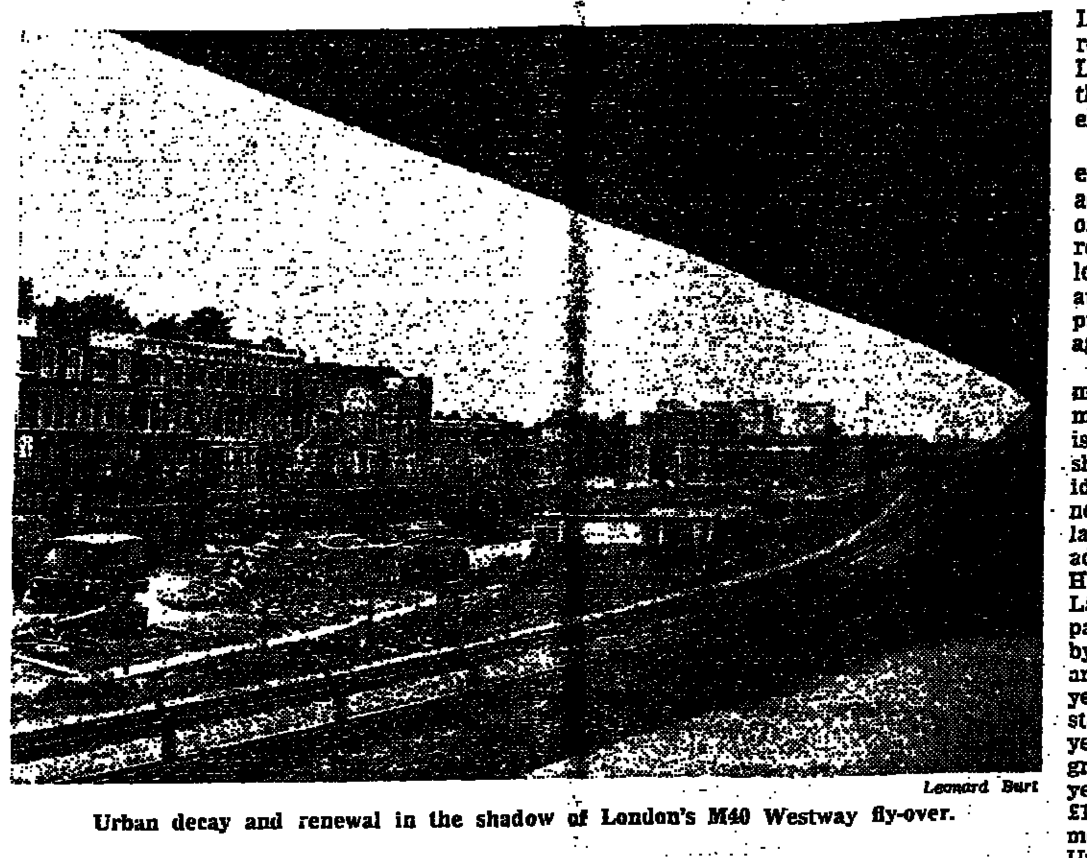
Lord Porchester, chairman of the South-East Economic Planning Council, recently argued that industrial development in the capital was being stifled by the lack of adequate roads and that improvements in the system were blocked by the division of responsibility for roads between the Government and the GLC. Unlike Manchester or Birmingham, where the inner trunk road links were developed directly by Government finance, in London the North Circular Road falls under the wing of the Transport Minister, but the South Circular Road, and indeed all roads within the old London County Council boundaries, are the responsibility of County Hall. This structural anomaly stands in the way of a co-ordinated road programme. But then the whole concept of road improvements begs a number of "chicken and egg" arguments.

Industrialists want better roads, but under the present system these necessarily involve a transfer of resources from public transport. A further deterioration of London's public transport system would inevitably make it more difficult to keep, let alone attract, skilled labour to London.

At the same time local authorities are increasingly reluctant to permit road or industrial schemes which encroach on residential areas. Although no one plans a new wave of dark satanic mills throughout Surbiton, there has been a basic conflict between the needs of industry and the housing preoccupations of most London councils.

The fact that without industrial or office schemes these councils may eventually have neither the rate income nor the local working populations to support ambitious housing schemes merely adds a further twist to the dilemma facing the capital's planners.

The politically equivocal attitude towards roads in the capital leaves the GLC's new



Leonard Burt

Urban decay and renewal in the shadow of London's M40 Westway fly-over.

**INNER LONDON'S WORST HIT AREAS**

(Male resident unemployment—by employment office areas)

| | per cent | | per cent |
|---|---|---|---|
| Poplar | 15.0 | Hackney | 7.9 |
| Stepney | 13.9 | Wood Green | 7.8 |
| Deptford | 13.6 | Camberwell | 7.8 |
| Fulham | 9.9 | Brixton | 7.1 |
| Holloway | 9.9 | Shoreditch | 7.1 |
| Bermondsey | 9.0 | Barking | 5.8 |
| Canning Town | 8.7 | | |

Source: Department of Employment figures for GLC

proposals for industrial development incentives looking rather lame.

Essentially, the plans involve a marketing drive to draw industrial developers and employers back to Central London with offers of rent-free periods of up to three years for new projects on council-owned land, concessionary rents on certain industrial schemes, and a far more flexible approach to planning controls. The GLC is also to renew its campaign for the ending, or further relaxation, of the Industrial Development Certificate system, a hangover from the days when governments actively blocked developments in the South East as part of their job relocation programmes.

The GLC's proposals iron out many of the planning constraints facing firms willing to set up, or expand within Central London. But because of regional aid programmes, London's planners still have to compete for new employers against far more attractive industrial incentives available elsewhere in the country.

The London Chamber of Commerce recently underlined this problem in a special report on the capital's economic problems. The Chamber commented that "London is still viewed as a milchcow by the rest of the country," in spite of local unemployment rates that rival any of Britain's traditional blackspots.

London's image as a basically wealthy city, not in need of special aid, appeared in last month's Commons debate over the GLC (General Powers) Bill, when Parliament voted to cut the range of powers called for to deal with the problems of unemployment and population drift.

These problems include a population declining at the rate of 100,000 a year, while jobs in industry are being lost at an even greater rate—nearly 5 per cent a year. About one factory or warehouse in five lies empty and unemployment is over 15 per cent in some London areas. On top of this much of the capital's housing stock was built before World War I, with about 350,000 houses still officially classed as falling below minimum acceptable standards.

It is little wonder, therefore, that County Hall has a slightly jaundiced view of groups which claim that their regional problems are greater than those of London.

Yet to a certain extent, London has only itself to blame. Many of its present problems result directly from serious errors of judgment by both central and local government since 1945. Fears that London would become excessively urbanised and industrialised led, in 1945, to strict controls on new industry in London as well as attempts to steer companies out to the provinces. In addition, the Greater London plan in the same year created the "green-belt" and established the idea of encouraging large numbers of people to move to "new towns" well away from London. Unfortunately these and other measures designed to prune the seemingly inevitable growth of London proved too successful as the decline in the working population shows.

Between the early 1960s and mid 1970s, London lost about a third of its manufacturing jobs. This loss was seven times the national average and meant that many skilled workers were forced away to find work, thus creating skilled manpower problems for companies left behind.

But the jobs loss failed to achieve the Government's aims of moving both work and workers to areas in need of new industry. Half of it was the result of companies closing down altogether and another quarter by companies cutting back on staff. The result of this industrial decline was unemployment rates well above the national average in certain areas and among certain groups—especially the young and coloured population.

The Department of Employment does not publish a break-down of statistics for London Boroughs. But unemployment in many of these is well above the 5.4 per cent average for London as a whole. Poplar, for example, has an unemployment figure of almost 15 per cent. Many other areas, according to Job Centre figures provided to the GLC, also have figures much higher than the average—Stepney 13.9 per cent, Deptford 13.6 per cent, Holloway 9.9 per cent, Fulham 9.9 per cent, and Bermondsey 9 per cent. And the figures fail to put into perspective when it is considered that there are now more people unemployed in Inner London than in the whole of Wales.

London's problems, however, have not gone unrecognised. Since Mr. Peter Shore took over the job of Environment Secretary just over two years ago, he has attempted to reverse the "engines of exodus" which have caused London such problems. Thus he has put the brakes on the highly successful Location of Offices Bureau in resiting companies away from London and virtually sounded the death-knell to future expansion of the new towns.

In place of these "engines of exodus," the Government has adopted a short-term strategy of providing special help to regenerate the inner cities and, long-term, to encourage local authorities to do more to prevent such decay taking place again.

Help for London is being made available by the Government in two ways. First, there is the concept of "partnership" areas as a means of identifying those areas most in need of help. Thus the docklands area of London, the adjacent London boroughs of Hackney and Islington, and Lambeth are three of the seven partnership areas designated by the Government. These areas are drawing up a three-year programme for action to start in the 1979-80 financial year. The existing urban programme's allocation of £30m a year is to be increased to £125m a year. The second means of help is the Inner Urban Areas Bill which is going through its final stages in the Commons.

The Bill will empower local authorities to make loans at commercial rates for land purchase as well as construction and modification of buildings and installation of services, of up to 90 per cent of the value of the land and buildings. In addition the Bill will establish Industrial Improvement Areas where local authorities can give grants or loans for environmental improvements or for building complexes to provide new jobs.

In specific partnership areas, local authorities will be able to give grants towards rents and to help companies taking on leases not owned by the local authority. And interest free loans for up to two years will be available for bringing inner cities back into use.

The London Chamber of Commerce, however, goes further and suggests that inner London be designated as an assisted area for a limited period of ten years.

In the end, the problems of regenerating London are too vast to be dealt with by local government alone. County Hall does not have the powers to reverse the national planning policies that have accentuated London's decline, nor does it have the cash resources fully to counter the effects of that policy. Although the Inner Urban Areas Bill does recognise the problems of declining cities its benefits will be spread nationally. And it is difficult to see how London will be able to wield the political influence necessary to attract sufficient additional central government support to move beyond the stage of tinkering around the edge of the capital's problems.

# MEN AND MATTERS

## Scooping francs in green fingers

Locust clouds of financial journalists have descended upon Paris for the meeting of OECD ministers, but it was the really important happening which drew me to the French capital. I refer to the exhibition of gardening equipment behind the residence of Sir Nicholas Henderson, our ambassador. Although Britain may be having trouble in exporting motor cars and textiles, take comfort that we are doing great business with hedge trimmers, plastic-covered rose trellises and lawn mowers.

France has become a prime market. There was a sense of sylvan euphoria as I strolled with Sir Nicholas amid the astounding scene in his back garden, hardly a flowerpot's throw from the Elysee Palace. More than 40 British firms have set up shop on the ambassadorial lawn. His Excellency, himself a renowned gardener, never flinched as a man from Stanley Tools stabbed a forest of shears into the grass. Elsewhere, final nails were being hammered into a summerhouse; formidable stacks of fertilisers, all labelled in French, awaited the hundreds of wholesalers and garden-centre owners invited to the show; and 73-year-old Harold Hillier of Winchester, doyen of British nurserymen, surveyed his glowing display of shrubs and plants.

Hillier handed me his price-list, starting (at two francs 70 centimes) with Abutilon megapotamicum "Variegatum." Definitely a show for the cognoscenti—but one lawn-mower firm took £500,000-worth of orders after last year's inaugural promotion. "The French have become a nation of gardeners," Sir Nicholas said. "A lot of them have second homes nowadays." But why do they buy garden equipment from the nation of shopkeepers? Aubrey Carroll, an exhibitor from Liphook in Hampshire, who specialises in garden arches, said cheerfully: "The French manufacturers are 15 years behind."

In one corner was a ready-made pond, adorned with a plastic nymph and a frog that blew water out of its mouth. I thought Sir Nicholas viewed that exhibit with a gentle disdain. Perhaps he recalled an article by some wretched intellectual in Le Monde after the 1977 show, mocking the English for exporting garden gnomes. We can take it. Yesterday the sun shone and the orders were blossoming.

"I'm going to complain to the Foreign Office!"

## Minister's choice

Having emerged from the embassy shrubbery, I collected a titbit from the OECD. The man most likely to succeed to the job of president of the 24-nation Council of Finance Ministers is 40-year-old Dr. Hannes Androsch, Austrian Vice-Chancellor and Finance Minister. After almost certainly being elected in Paris today, he will fly to London for talks with Denis Healey and Harold Lever. Androsch has held Austria's purse-strings for more than eight years and wants a change of interest.

The post he had half coveted of president of the Austrian National Bank went to the articulate Opposition spokesman on economic affairs, Stefan Koren. Androsch wrily said: "It's like making love to Sophia Loren. If there's no possibility, you don't even think about it. I knew my own Socialist Party had other plans for me."

## Milord flies out

I strolled around to the rue du Colisee, just off the Champs Elysee, in the hope of chatting to Lord Brooke. But the man whose name makes the British art establishment shudder apparently feels that Paris is too close to home just now. While the National Gallery leads the last-ditch fight to save for Britain a £250,000 Canaletto of Warwick Castle, Brooke's family home, he has flown off to Idaho. I am told he will not be returning to Europe until September. From Idaho he will go to Bermuda for the summer, well away from criticisms of the manner in which he has already sold off more than £2m-worth of art treasures from the castle, with more in the pipeline.

Brooke has made it plain to friends in France that he intends to keep on disposing of the castle's contents—including pictures by Van Dyck, Rubens and Kneller—when the market is right. He keeps in close touch with his Bond Street agent. There is also much silver, armour and antique furniture to be auctioned or privately sold. In all, Brooke may accumulate £5m.

In Paris, Brooke—who is 44 and divorced—leads a busy social life. But he keeps away from journalists. He is known to believe that Britain will soon be under an extreme left-wing regime, so that he must realise the family assets while he has time.

His father, the Earl of Warwick, has made over the castle an its contents to Lord Brooke. The earl is also a tax exile; he lives in Rome. Asked on the telephone how he feels about the family home these days, he has said: "It stinks of old shoes, old socks and wet mackintoshes. It is up to the Government to decide whether it wants to preserve it or not."

## Peter in Paris

If an Ecology Party is formed in Britain, a likely leader will be Peter Ustinov. He is in Paris to address a UN-sponsored "Round Table" on the theme: "What world shall we leave for our children?" Ustinov tells me he played a large part in promoting the gathering: among other speakers is Princess Caroline of Monaco. After enthusing about the ecologists' recent election success in north Germany, Ustinov in his droll way told me about a Swiss woman he had met in Kenya. She had been sleeping beside a swimming pool and awoke to find a deadly green mamba entwined around the leg of her deck chair. As people rushed up to kill it, she cried: "Stop—you are destroying the ecology of Africa!"

**Observer**

ECONOMIC VIEWPOINT

# The negative virtues of Denis Healey

IN A lecture to a Chicago audience earlier this year I stuck my neck out by saying that British Governments had turned their backs on budget deficits financed by excess monetary growth—because of the repeated evidence that such growth merely knocked sterling without stimulating output. On the other hand, the real problems of slow growth and high unemployment were still very much with us and had indeed been aggravated by recent policies.

The readiness of the Chancellor to tighten credit and raise taxes in the run-up to an election, at the first signs of runaway monetary growth, vindicates my optimism on the first point. But the particular way in which he has chosen to close the fiscal gap alas vindicates my pessimism on the second. Labour Ministers righteously repudiate monetarism and embrace policies for improving grass roots performance. Yet in practice they have been pretty good monetarists but terrible microeconomists.

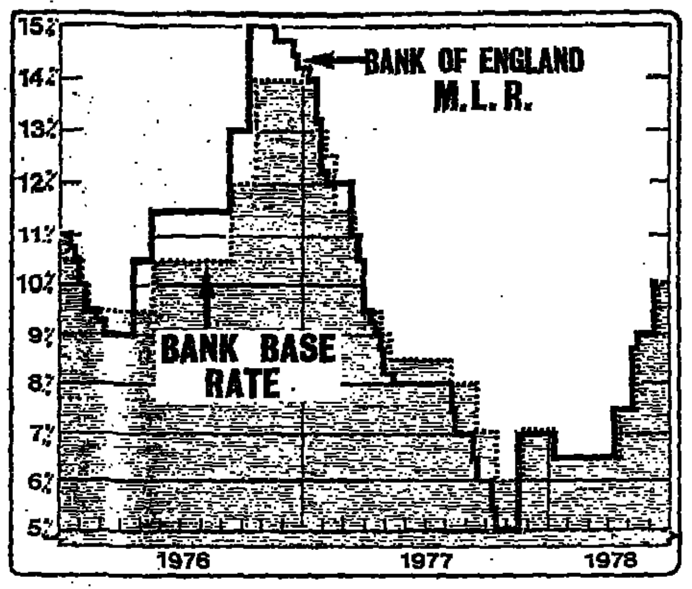
An example is the National Insurance surcharge on which Mr. Healey has been trying to have it both ways. Either the surcharge will be passed on in prices—in which case it will be no different from an increase in VAT or other consumer taxes; or it will be absorbed by employers. In the latter case it will act as a tax on labour and discourage employment. If — as is likely — it is partially passed on, there will be some increase in prices and some induced unemployment. There is no miraculous way in which it can raise revenue without doing one or the other or a mixture of both.

The adverse effect on employment is similar to that arising from a successful bid by unions to increase real wages which prices their workers out of jobs. Interestingly enough, an abortive proposal for a surcharge on employers' contributions first appeared in the late Mr. Selwyn-Lloyd's 1961 Budget — when it was regarded as a remedy for labour shortage.

There is also the effect on the Industrial Strategy. The latter seems to consist of paying out to companies through the Department of Industry backdoor, cash which has been taken away via the Treasury front door. Policy becomes even more schizophrenic when taxes on employment are combined with employment premia under job creation schemes.

What would I have done? No hindsight is required. The indexation of the personal tax allowances, of the starting point of the higher rates and of the specific duties has been consistently urged in this column. Thanks to Parliamentary intitiative Treasury Ministers have been forced to accept the indexation of the allowances; but Ministers have never even proposed the indexation of the specific duties as a *quid pro quo*.

A Treaury Minister, Mr. Denzil Davies, told Parliament on February 21 that the non-indexation of excise duties cost the revenue some £400m a year—or most of the cost of the 1p cut in the basic rate forced through by the Opposition for 1978-79. And it would not have been beyond the wit of the Treasury to squeeze £100m or so out of the extra public expenditure authorised by the Chancellor for this year—indeed before an




The Bank of England fears that a change to more direct methods of controlling the money supply would increase the volatility of short-term interest rates.

election an "estimating change" would probably have sufficed.

* * *

POLICY MISTAKES usually have much deeper roots than technical errors in implementation; and technical gimmicks are too often welcomed by politicians in an attempt to avoid real choices.

Yet the present method of controlling the money supply is one of the exceptional cases where technical failures really are to blame.

Indeed periodic crises are part of the system. Draconian increases in short term rates, and tough gestures in other spheres, are required to convince the financial markets that a turning point has been passed. From then on the expectation is of falling interest rates and the Government is able to "fund" its borrowing requirement with some ease.

But this benign process has limited life. For the further that gilts rise and the more that MLR is dropped back, the less there is for the market to go for; and the more likely it is that the next shift in interest rates will be an upward one. So the market for gilts dries up; and to stimulate it, we need another crisis with interest rates being jerked up yet again; and thus we commence the next cycle. A significant fraction of Mr. Healey's 14 budgets have been due to this bizarre technique.

The main defects of the present system are succinctly set out, together with a suggestion for a new control mechanism by Nigel Duck and David Sheppard in the March issue of the Economic Journal (published by the Cambridge University Press).

Like most promising proposals, this one is basically simple. A proportion of clearing bank deposits with the Bank of England would be reclassified as Reserve Deposits (RDs). Other banking institutions would also be allotted RDs which they would acquire through sale of Government securities.

The authorities would set a ratio of RDs to bank deposits and deviations from this ratio would be subject to financial penalties. The Bank of England would control the money supply by conventional open market operations. If for instance it wished to reduce the money supply, it would sell Government securities to people and institutions, who, when they wrote their cheques in payment, would be reducing the deposits of their banks with the Bank of England. The latter institution would immediately debit the banks' RD accounts by the amount of the security, thereby leading to a multiple contraction of deposits.

This is basically a cash ratio system with modifications. One of these is that variations in public holdings of notes and coins would not have a multiple effect on the money supply, as they would under a pure cash ratio system. The other is that the Bank of England would be able to make an extremely close estimate of the money supply on a week to week basis, simply by looking up the number of RDs outstanding in its own books, and multiplying them by the reciprocal of the proposed reserve ratio.

Like any cash ratio control, the Duck-Sheppard scheme would divorce monetary from fiscal policy and make the Bank and Treasury separately accountable. An excessive Government deficit would still increase loan demand and push up interest rates, but the precise method of Government finance would no longer be crucial for monetary policy. In particular the issue of Treasury Bills would no longer be inflationary, as Bills would no longer count as reserve assets.

The Bank of England's advisers are said to be hostile to such ideas because they would supposedly increase the volatility of short term interest rates. Readers are referred to the chart for an illustration of the great stability of interest rates under existing methods. Maybe the Bank experts do not sufficiently distinguish between the loss of day-to-day control over short-term interest rates, which is one thing, and volatility in the movement of rates, which is another.

**EXCHANGE RATES AND COMPETITIVENESS**

(% changes March, 1973 to May 15, 1978)

| Currency | Nominal effective exchange rate | Real rate adjusted for manufct. prices | Real Rate adjusted for labour costs |
|---|---|---|---|
| Sterling | −32.0 | +4.2 | + 0.6 |
| U.S. Dollar | +1.7 | −2.5 | −16.6 |
| Yen | +16.0 | +4.1 | +29.1 |
| Mark | +30.0 | +2.4 | − 2.0 |
| Fr Franc | − 8.8 | −2.8 | − 0.3 |

Source: World Financial Markets, May 1978. Morgan Guaranty, New York

* * *

"LARGE CHANGES in nominal exchange rates have usually been associated with small changes in real rates and therefore with only small changes in competitiveness." These remarks of Mr. Gordon Richardson in Berne this week are illustrated in the table.

Unfortunately, there is a danger of wrong conclusions being drawn from such data. It is hardly surprising that changes in exchange rates and in the price of manufactured goods have roughly offset each other. Internationally traded products are likely to be sold at a common price level if they are to attract any buyers.

The main short to medium term effect of exchange rate changes is on the profitability of countries' international trading sectors. Contrary to the belief that exchange rates have not worked, the table shows a dramatic shift in relative profitability in the right direction. This is demonstrated in the right hand column for the two countries with a major current account imbalance, the U.S. and Japan. (A negative sign means greater profitability in the trading sector.) Little change is shown for the UK and Germany: but the UK is so far this year almost in current balance, the May trade figures notwithstanding, while the German surplus makes an extremely small contribution to world imbalances.

Exchange rate changes do affect comparative inflation rates, and by far more than most economic forecasters would admit. But exchange rate changes do not just happen, but in turn reflect different national rates of monetary expansion in relation to the growth of productive capacity.

Exchange rates can for a time be shifted from their underlying paths by events such as changes in portfolio preferences by reserve holders, or by North Sea developments or American oil imports. But such events can have a lasting influence only if they in turn affect relative rates of monetary expansion in the countries concerned.

This is important in relation to European monetary union for which I expressed some qualified sympathy a few months ago. What I had in mind was mainly the development of a Europa as a new international trading currency, an alternative to existing national ones. There is also something to be said for the gradual harmonisation of national monetary policies to reduce differences in underlying inflationary rates, and thus reducing exchange rate divergences by an indirect but sure road.

If, however, monetary union is to mean forcing exchange rates back into the snake—or into a constrictive new version known as a boa—by means of official intervention, then the result is likely to be capital and trade restrictions, followed by forced devaluations, as in past such attempts.

If the newly disinterred central bankers' dislike for floating rates is to mean pressure on the U.S. to "do something" about the dollar, then the result could be more painful still. Too many people have forgotten the U.S. import surcharge imposed by the Secretary of the Treasury, John Connally, in 1971, which nearly resulted in a trade and currency war. It is not world currency problems which should alarm us, but their proposed solutions.

**Samuel Brittan**

# Letters to the Editor

## Education in engineering

*From the Secretary, The Institution of Mechanical Engineers.*

Sir,—The letter (June 8) from the Pro-Vice-Chancellor of the University of Bradford on the introduction of extended degree courses in engineering is timely and welcome. The Institution of Mechanical Engineers, which has tried to keep in close touch with developments from the outset, is very concerned at the possible implications of what is now being introduced; I use the word "tried" deliberately because there has been very little consultation with the profession.

The Institution believes that, given good entry standards, three years of academic study is sufficient to reach an Honours level in Mechanical Engineering and at the same time cover the basics of non-engineering subjects like accounting, economics and communications. The majority of mechanical engineering courses acceptable to this institution already do this. Such a three-year degree, plus a further two years of training, preferably integrated, in the practice of engineering, is we believe, the ideal formula. We do not support the view that an extension of the academic period is justified in order to include a larger proportion of non-engineering subjects which are best covered after the engineer has spent some time in a real engineering situation.

The aim of academic and practical training at first degree level should be to produce an engineer who is broad based and sufficiently competent in the basic skills to make a useful contribution in the shortest possible time. It is neither desirable nor indeed possible to cram a complete education for life into the first degree course. What is needed is a dramatic change of attitude towards continuing education.

On present evidence, the institution is unlikely to accord any higher status to the new courses in relation to its membership requirements and in its extensive contacts with schools and careers advisers will continue to promote the three-year degree combined with two years of practical training as the ideal.

I must emphasise, however, that the institution is very much in favour of experimentation leading to sound developments in engineering education and training, but feels unable to support this latest initiative.

Alex McKay.
*1, Birdcage Walk, SW1.*

## Battle over EEC textiles

*From the National Officer, Association of Technical and Managerial Staffs*

Sir,—Although your informed article (June 12) on the looming battle for EEC textiles makes good reading, there are I believe a number of factors that are not known to the general public, and in some cases have not been made known by many of those who attended the recent Textile Conference at Heathrow.

I believe it is true to say that the European Commission and in particular Viscount Davignon, although deeply involved in the recent Multi-Fibre Agreement, were only responsible for this recent agreement because of the dogged attitude taken by the Governments of both this country and France, and the trade unions of those countries concerned. Once the MFA was agreed those involved in the industry hoped that the industry would, through improved productivity, etc., be able to compete in the market of the 1980s, and while this situation was being brought about, the Commission would marshall the MFA.

We now find ourselves in a position where the Commission has made a deal with Portugal without consultation or even agreement of the member states. Prior to this the Commission, again in agreement with the manufacturers, reached an understanding concerning production levels of man-made fibres which will in itself bring about further unemployment. Again, member states were not involved in the discussions, and were only advised of the outcome.

If the UK textile industry is pressing the EEC Commission for assistance for analysis in the individual sectors of the industry, perhaps we should accept that so far as the textile industry in this country is concerned there are three partners: the employer, the employee, and the Government (who to date have given considerable public funds to this industry), and if any one party seeks with the Commission a plan, then I would suggest it is doomed to failure.

Your quote concerning the new Carrington Viyella spinning mill at Atherton does highlight the growing problem of investment causing further unemployment while bringing about higher productivity, which at the moment is higher than the national average. Both the Commission, the Government and the employers will fail unless a joint plan involving all parties, both on a UK and to some degree an EEC basis, is accepted, and not a Commission dictate.

Roger Beson.
*East Road, Longsight, Manchester.*

## Producing oil from coal

*From the Head of Economic Assessment Service, NCB (International Energy Agency Services).*

Sir,—Mr. Whalley (June 2) is quite right to refer to 1930s German and British experience in producing oil from coal but wrong to assume that current interest ignores it. At IEA Coal Research, we have a collaborative programme with several countries (including the U.S. and Germany) which shares insights and experience in the economic analysis and development of new processes compared with old. Mr. Whalley's figures alone indicate that the ratio of coal cost to synthetic gasoline cost would be roughly halved by current development and that ignores the likely value from use of lower grade by-products from the newer processes. The increased sale envisaged for the newer processes is an additional benefit to their economies.

Manufacture of hydrogen is indeed a necessary concomitant of any refined coal liquefaction process and a recent report to the EEC from the UK Coal Industry indicated the value of "free hydrogen" in various coal conversion processes. Nuclear power might be one source of hydrogen but it will not be cheap. A recent U.S. report suggests that with coal at current UK prices it would be roughly twice as expensive to produce hydrogen via electrolysis than to produce it from coal gasification ($10 compared with $5.40 per million BTU hydrogen production). The availability of a char by-product from solvent extraction processes is an added reason for choosing a carbon water splitting route to obtain hydrogen. It is interesting that present day German interest in gasification of coal using nuclear heat considers direct heating of the coal gasifier as a specifically better route than electrolysis. Even so, the economics of a nuclear process do not look specially favourable, unless optimistic assumptions are made about heating performance in the gasifier, with much higher coal cost than currently foreseen in the UK. Problems of coupling nuclear heat with the coal gasifier also tend to be minimised by protagonists of nuclear gasification.

As Mr. Whalley says, these programmes are long term of their nature, but a fair amount of thought is being put in at present and international views of the past as well as the present are not being excluded.

A. Baker.
*14/15, Lower Grosvenor Place, SW1.*

## Distribution strategy

*From the President, The British Transport Officers' Guild.*

Sir,—This, the smallest of the four railway trade unions and representing management staff, strongly supports the points made by your correspondent in the article published on June 6 (Management Page).

There is little doubt that distribution problems have not been given the serious consideration they warrant. This has resulted in a very high price being paid in economic and environmental terms for alleged convenience and the avoidance of having to think about a distribution strategy.

It is to be hoped that company chairmen who have not already done so will take the example of Monsanto to heart. They should ascertain how their existing distribution systems work, why they are doing it that way, what they are costing, what they want them to cost, etc. An objective appraisal along these lines would introduce a professional approach into an area of industrial life that has had more than a touch of the enthusiastic amateur for too long.

Henry Haydon.
*Room 307, West Side Offices, Kings Cross Station, N.1.*

## Tax cutting rhetoric

*From Mr. N. A. Bilitch*

Sir,—I take it as axiomatic that most of us would wish to see, before long, an era of much lower taxes, with a good many existing taxes abolished altogether. What is much less appreciated, is a proper regard as to what any substantial cutting back on tax revenue implies. A considerable proportion of taxation represents a complsory levy by the public sector on the incomes and capital of the private sector, whereby the stipends of the former are kept at levels which they have become accustomed to demand as a constitutional right. The public sector is now the most efficiently organised of collective extortioners whose political weight prevails in the councils of the TUC. Its members' jobs and enhanced remuneration can only be guaranteed to the extent that a well organised public sector "persuades" local and central government to force out of the pockets of the rest of us, the revenues needed to pay the the bloated public sector wages and salaries. This legalised extortion also has to meet the cost of those services no longer being provided, that is the payment of index-linked pensions from the proceeds of other people's taxed income.

Unless radical changes are made to the magnitude of the public sector expenditure, heavy taxation will continue, either by resort to the printing press, or by the continued plunder of private sector incomes to meet these open ended expenditure commitments.

It is no argument in defence of the public sector to state that their members also pay taxes. A highwayman who robs you of a £100, returning to you £33 so that you might not starve (with something left over for your return journey home) cannot be said to have behaved particularly generously in having deprived you of only some two-thirds of the contents of your wallet.

Tax cutting rhetoric may be fun for competing politicians buying votes with the electors' money. The problem is much more serious and fundamental; the public sector needs a drastic pruning. When that has taken place, lower taxes will follow—as daylight follows the sunrise.

N. A. Bilitch.
*6, Rusholme Road, SW15.*

## Rewards of productivity

*From Mr. Michael G. Moon*

Sir,—With reference to Ruth Kosmin's letter (June 8 — The rewards of productivity), our experience seems to support much of her academic research. What is not too clear from her letter and forecasts is the current trend in the distributive and services sector.

Higher productivity will indeed depend on increased efficiency, but this is likely to come through greater use of technology. In the distributive and services sector the emphasis is on the white-collar worker—an expensive investment rising at the rate of 6 per cent per annum. At the same time, the cost of new technology in this sector is falling. This must create the situation which has already occurred in the manufacturing industries, whereby jobs will be lost to automation. What the "white-collar" industries have to face is, in fact, a "technology explosion," not unlike that which has occurred in manufacturing.

The problems are, however, different. Manufacturing industry has a tradition of training and re-training. The distributive and services sector, on the whole, do not. Whether they will be able to reorganise themselves physically and intellectually to meet the changes is an interesting question.

My organisation has become heavily involved in the study of "information processing and communications," with particular emphasis on the impact of technology on the office environment. It is clear that the majority of medium and large companies in the UK have not yet looked closely enough at the potential problems. It is clear that the acceleration of technology in the now integrated areas of computing, telecommunications, and administration is going to force a faster pace of change than most people are prepared for.

Michael G. Moon,
Director,
Handley-Walker Company,
*Essex House, 27, Temple Street, Birmingham.*

# Today's Events

**GENERAL**

President Ceausescu visits British Aerospace, with which a preliminary agreement has already been signed by Romania for 82 BAC 1-11 short-haul airliners, and later gives dinner in honour of the Queen and Duke of Edinburgh at Claridges, W.1.

Foreign and Finance Ministers of OECD end two-day annual meeting in Paris.

European Parliament in session, Strasbourg.

King Juan Carlos of Spain on official visit to China.

The Queen visits Lord's during the first day's play in Second Test between England and Pakistan.

Prince of Wales visits Three Counties Agricultural Society Show, Malvern.

NALGO conference continues, Brighton.

Mr. K. Marks, Under-Secretary, Environment, inspects experimental pipeline for carrying waste from Horden Colliery, County Durham, out to sea.

Lady Mayoress opens photographic exhibition of "The City in the Blitz" at St. Botolph, Aldgate, E.C.3, 12.30 p.m.

**PARLIAMENTARY BUSINESS**

House of Commons: Debate on Fishing, followed by debate on Official Secrets Act.

House of Lords: Wales Bill, committee. Co-operative Development Agency Bill, report stage.

**OFFICIAL STATISTICS**

Index of industrial production (April, provisional). UK banks' assets and liabilities and the money stock; and London dollar and sterling certificates of deposit (mid-May).

**COMPANY RESULTS**

Berisford (S. and W.) (half-year). Chloride Group (full-year). English China Clays (half-year). International Timber Corporation (full-year). Tate and Lyle (half-yearly figures).

**COMPANY MEETINGS**

Alginate Inds., Charing Cross Hotel, W.C., 12. BSG Intnl., Savoy Hotel, W.C., 12. Bunzl Pulp and Paper, Abercorn Rooms, E.C., 11.30. Combined English Stores, Dorchester Hotel, W., 12. Croda Intnl., Connaught Rooms, W.C., 12. Grampian Television, Aberdeen, 12.30. Lead Inds., 14, Gresham Street, E.C., 12. Moorhouse and Brook, Huddersfield, 11.30. Porter Chadburn, Liverpool, 12.15 Usher-Walker, Connaught Rooms, W.C., 12.

# COMPANY NEWS+COMMENT

## £4m deficit at 'Lofs'—no dividend

DIRECTORS OF London and Overseas Freighters yesterday *announced an £8.32m turnround* to a £3.99m attributable loss for the March 31, 1978, year, and the passing of dividend as part of steps to conserve the cash resources of the company.

They say that although no cash crisis faces the group in the immediate future, directors are seeking the agreement of its bankers—and of the UK and *Swedish Governments* as guarantors—to a deferment of some loan repayments.

"The aim is to conserve our cash resources to avoid running into liquidity problems before we achieve a positive cash flow again."

Last year a 3.32076p net per 25p share dividend was paid which including tax cost £1.6m.

In the latest *year the trading* loss was £3.72m compared with £0.3m *previously*, while the net interest charge was up from £0.39m to £0.95m. At half-way, the attributable loss was £1.42m *(£1.48m profit)*.

Directors say the cash surplus generated by the fleet was insignificant compared with attributable outgoings in respect of loan interest and repayments *and payments for new ships* brought into service in the year.

The result was that group cash resources dropped £8.74m to £8.58m in the period, despite the inflow of dividends, interest and *the proceeds from the sale of* two ships.

These cash resources may, however, be augmented at the appropriate time by the sale of the £5.2m of Government stock *received as interim compensation* on the nationalisation of Austin and Pickersgill.

Although the group has no ships on order and therefore no capital expenditure commitment this year, *loan interest and repayments* will total some £9m., and directors say it should be imprudent to rely on the fleet making any significant cash contribution.

*The fleet may even make* a call on the cash resources and they say "it is not difficult to see that the prospective rate of depletion of our reserves gives us cause for concern."

*They say LOFS is on a survival* course and that directors are determined to see it through the present slump in good shape.

They say there will be more compensation coming for Austin and Pickersgill some time in the future. The contribution from A & P this year was limited to a £0.5m dividend for the June 30 quarter against £1.6m last year.

The group has taken no account of interest which will eventually be received on the balance of the compensation yet to be agreed.

Ship sales in the year yielded £1.78m *(£5.24m)* while *realised* losses on the repayment of foreign loans totalled £0.86m, against £0.89m. The attributable loss is after £54,000 from minorities (£0.26m to minorities) and a £0.79m (£0.68m) share of associate *company losses*.

Directors say that of the group's £25.27m Eurodollar borrowings repayable between now and 1987, the cost of repayment would *exceed the book value by £3.99m* at exchange rates ruling at March 31, 1978. They have, however, adopted the procedure of writing off exchange losses in the year in which they are incurred and no provision has been made against the potential increase in repayment costs.

### INDEX TO COMPANY HIGHLIGHTS



## Wheway Watson up 23%

WITH TAXABLE earnings of £481,872, against £424,067, coming in the second half, Wheway Watson Holdings finished the year to April 1, 1978, with full-time profit 23 per cent ahead from £624,801 to £765,688. Sales by the chain-making, engineering and forging group rose 16 per cent to £12.34m against £10.61m.

The year-end total of reserves at £4,228,727 was more than four times the issued capital. In order to bring the issued share capital more into line with the capital employed in the business, it is proposed to increase the company's authorised share capital by £1.5m to £3m and to capitalise £1,004,412 of the reserves and apply this sum to increase the nominal value of the shares in issue from 5p per share to 10p per share.

The improvement in the 1977/78 profit was forecast in December. Now Mr. W. Gibson Biggart, the chairman, says that the outlook for the current year is reasonably encouraging.

After tax of £181,323, against £20,092 last time restated in line with ED19 in the treatment of deferred tax, earnings per 5p share emerged lower at 3.09p *(3.23p)* basic or 2.88p (3.01p) fully diluted. A *net final dividend of* 0.52845p lifts the total to 0.87845p (0.79436p). If the rate of income tax is cut to 33 *per* cent the final will be increased to 0.53645p.

At Wheway Watson (CM) order *levels indicate a rising* trend and, given a further improvement in operational efficiency and the brighter outlook in export markets now evident, this subsidiary *should show* increased profitability in the coming year, Mr. Biggart comments.

The better trading results at Wheway Watson (ME) during the last six months of the year is *continuing and an increased contribution* is expected from this company.

Felco Hoists had another good *year and the year ahead* is expected to be equally *satisfactory.*

| | 1977-78 £ | 1976-77 £ |
|---|---|---|
| Sales | 12,341,492 | 10,614,782 |
| Trading profit | 958,138 | 839,891 |
| Interest | 192,450 | 215,090 |
| Pre-tax profit | 765,688 | 624,801 |
| Tax | 181,323 | 20,092 |
| Net profit | 584,365 | 604,709 |
| Ord. dividends | 167,409 | 148,556 |
| Retained | 416,956 | 456,153 |

## Lasmo requires more funds

London and Scottish Marine Oil Company announced yesterday that its remaining bank facility *for a further £20m. will not now* be sufficient to finance the completion of the Ninian project.

Mr. G. F. B. Grant, Lasmo's chairman, told the annual meeting that due to the delay in the start of Ninian production, which has increased its peak financial requirement, the group requires additional funds before the end of the year.

Lasmo's present borrowings comprise £76m unsecured loan stocks and £15m from its bankers. Mr. Grant first disclosed in April this year that the company was holding discussions with its bankers aimed at increasing the amount available under the syndicated unsecured term loan arranged last year.

Authorised spending on development of the Ninian field at December 31, 1977 was £67.42m representing Lasmo's 9 per cent interest. Of the total, £25.1m was contracted for at the balance date.

Mr. Grant also reported that following the installation of the *Ninian central platform on May* 18 the Ninian field now has two production platforms in place. The third platform is expected to be towed out later this month.

Work on the terminal at Sullom Voe is continuing but it is sufficiently *advanced* to receive and load Ninian oil when production starts.

## Country & New Town disappoints

The directors of Country and *New Town Properties* announce a pre-tax profit for the year to January 31, 1978, of £458,248 compared with a loss of £89,023 last time, but after tax £353,590, against £79,024, and minorities *£177,987 (£105,176)* losses came out at £73,338 (£273,223).

At the interim stage, after tax and minorities, loss emerged at £84,000, against £175,000, and the directors said that it was hoped the group would recover this loss in the second half.

They now say that the figures have not fully realised the expectations anticipated. In *the* event, the totality of the costs for the second half were understated.

This was partly due to disruption caused by the Strand store modernisation which proved to be greater than anticipated.

Although allowance has been made for directly attributable costs, it is not possible to quantify full effect of the disruption. However, notwithstanding the continuing upheaval, sales in the departments which have been completed are encouraging, they add. Further, in the longer term, it is considered that the value of the asset will be materially enhanced.

Loss per 10p share is shown as 0.56p (1.62p) and the dividend for the *year is unchanged from* a single 0.65p net payment last time, with a final of 0.45p. The company *paid an interim of 0.2p in April.*

There was an extraordinary debit of £568,561 (£648,218 credit), which was covered by a transfer from (to) capital reserve, caused mainly by exchange differences.

## Advance by Harcros

Revenue of Harcros Investment Trust advanced from £528,111 to £824,812 in the year to March 31, 1978, before tax of £271,108, against £170,951.

Earnings are given as 0.97p (0.63p) per 10p share and the dividend total is effectively raised from 0.5666p to 0.85p net with a final of 0.65p. The retained balance is up from £33,918 to £68,840.

The net asset value is shown at 26.54p (20.32p).

No dividend has been received from a subsidiary whose pre-tax profit — not consolidated — was *£9,183 (£5,092). Figures include* the net assets of the subsidiary. Harcros is a subsidiary of Harrisons and Crosfield which holds 93.8 per cent of the capital.

## Westland Aircraft passes interim

*WESTLAND AIRCRAFT* fears that its profits might be substantially down on last year after a series of disruptions and labour unrest over pay rates at its Yeovil helicopter plant.

The company has decided not to pay an interim dividend. It warned yesterday that provisions made against its helicopter *operations last year* might be substantially increased in the current year.

Last year the group made provisions of £6¼m against both *helicopter and hovercraft* contracts. About three-quarters of this is thought to have been associated with an Anglo-French helicopter contract negotiated with the *Ministry of Defence* in 1973. It still has two years to run.

The problems at Yeovil are due to the company's inability to negotiate a new pay formula with some of its manual workers who are still paid under a piece-work system.

Mr. B. D. Blackwell, Westland's chief executive, said *clauses in the long-standing* piecework arrangement had allowed some manual workers to gain increases outside the norm established by the latest pay code. This had caused unrest among lessfavoured workers and pushed up the factory's wage bill.

Last year's provision had been thought enough to provide for *all the group's problems* with escalating pay rates and fixed price elements in the Anglo-French contract to supply Lynx helicopters to the armed services.

There remains the question of whether the group — *which* reports that most of its other interests are performing satisfactorily—will be able to pay a final dividend for the year.

*In his interim statment* Lord Aldington says that despite extensive negotiations in the past few months it has not yet been possible to reach agreement for a new system of pay.

The chairman reports that a substantial increase in the contract provisions which were made last year will be required. *The* amount will depend on progress in the pay negotiations and on actual productivity and costs achieved, and likely to be achieved *in the Yeovil* helicopter factory. That amount may be as great as last year or even more.

Delivery of helicopters, including the Lynx, has improved in the past few months to around the planned rate. Spares output has been maintained at a satisfactory level and has been profitable. In most other parts of the group turnover and profits have been *good. Reduced levels of debtors* and net inventory have resulted in substantially lower borrowing which should continue in normal operation for the remainder of the current year.

At *Westland Helicopters agree*ment with the Arab Organisation for Industrialisation to form a joint company, Arab British Helicopters, to manufacture in Egypt a minimum of 250 Lynx helicopters for Arab countries was reached in February. Orders covering tooling, training, and supplies for *an* initial batch of 50 helicopters have been received.

A further additional batch of *Lynx helicopters has been ordered* by the Royal Netherlands Navy and further orders have also been received for Sea King helicopters for the Royal Navy.

An initial order has been received for component parts for a new version of the Puma to be built by Aerospatiale, extending the group's industrial collaboration with that company and a contract has been received from the UK Ministry of Defence for the *project definition* of a new helicopter to replace the Sea King.

Work on remotely piloted helicopters *is increasing* and a larger version is now in development for the UK Ministry of Defence.

## ISSUE NEWS

### Hartwells £1.4m rights

Hartwells Group, the motor distributor, is raising £1.37m by way of a cash call from shareholders.

The company is proposing a rights issue of one-for-three at 82p each, which is underwritten by de Zoete and Bevan. In the market the shares closed 9p higher at 106p.

Hartwells' directors state that although the company has adequate banking facilities for current requirements they consider that permanent capital should be raised now so that advantage can be taken of both increased trading and the acquisition of additional franchises.

Proceeds of the issue will be used to reduce bank borrowings. For the year to February 28, 1978, pre-tax profits rose from £1.23m to £2.1m. The sources and application of funds statement shows an inflow of funds amounting to £4.47m but because of pressures on working capital which increased by £1.223m the year-end bank overdraft was up from £3.09m to £3.72m.

The directors are forecasting a big jump in the dividend this year. The payout will be increased to 6.7p per share net which compares with 4.892p per share for 1977-78.

*Turning to the current year the* directors state that the company made good progress in the first two months but it is too early to make a forecast although they view the future with confidence.

Vehicle distribution is split fairly evenly between British Leyland and Ford. In Oxford the Leyland dealership will be the sole operator from July 1 due to the British Leyland reorganisation. This is good news for the company as Leyland's market share in that area is above the national average—the company puts it at around 40 per cent.

Also Hartwells has bought out the Leyland dealer competition in Bath and Banbury. So the directors are looking for a much larger market share this year.

Dealings in the new shares start *on June 19.*

### Tyneside well oversubscribed

South Tyneside's offer for sale of £7m of stock has met with a tremendous response. The issue was at the very *least* 100 times oversubscribed when the application list closed one minute after opening yesterday morning.

The issue was of 12¼ per cent Redeemable Stock 1986 in the Metropolitan Borough of South Tyneside. *Priced at £99 per cent*, payable as to £10 per cent on application, the stock yielded 12.37 per cent running and 12.45 per cent to redemption.

Brokers to the issue, de Zoete and Bevan, said yesterday that *in view of the exceptionally large* number of applications, and in order to ensure that dealings can commence today, it is regretted that all applications for up to and including £45,000 of stock will receive no allotment.

Applications for £50,000 and above will receive approximately 0.926 per cent of the amount applied for with a maximum allotment of £62,100.

Letters of allotment will be despatched tomorrow and dealings start today.

### BRENT—98.7%

Brent Chemicals International announces that 2,658,302 shares, 98.66 per cent of the 10p shares issued by way of rights on the basis of two-for-five at 20p each have been taken up. The balance has been sold at premium and the net proceeds will be distributed to entitled shareholders.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| All'd. Retailers | 5.81 | Oct. 2 | 6.09 | 8.71 | 7.89 |
| Alliance Inv. | 2.05 | July 20 | 1.63 | 3 | 2.45 |
| Avenue Close | 1.63 | — | 1.48 | 1.63 | 1.48 |
| *CompAir* ......int. | 1.65† | Sept. 1 | 1.5 | — | 3.62 |
| Continuous Stationery | 1.62 | Aug. 8 | 1.62 | 2.52 | 2.32 |
| Country & New Town | 0.45 | — | 0.65 | 0.65 | 0.65 |
| Flexello Castors ......int. | 1.16 | July 27 | 1.05 | — | 2.76 |
| Grt. Portland | 3.36† | Aug. 31 | 2.95 | 4.36 | 3.95 |
| Harcros Inv. | 0.65 | Aug. 10 | 0.43* | 0.85 | 0.57* |
| Ldn. & O'seas Freighters | nil | — | 3.32 | nil | 3.32 |
| McNeill Group | nil | — | 1.6 | nil | 2.85 |
| Nottingham Brick ......int. | 4.85 | Aug. 15 | 3.85 | — | 11.55 |
| J. T. Parrish | 3.84 | — | 3.84 | 3.84 | 3.84 |
| Robertson Foods | 4.35 | July 27 | 3.89 | 5.72 | 5.19 |
| Staveley | 5.1 | Aug. 2 | 4 | 13.5‡ | 7.8§ |
| Sungei Besi | 65¶ | Aug. 1 | nil | 65 | nil |
| Tridant Printers | 1.89 | — | 1.89 | 3.29 | 3.29 |
| U.S. & General Trust int. | 1.75 | July 17 | 1.6 | — | 5.94 |
| Warren Plantations | 10.05 | July 18 | 6.1 | 14.67 | 9.1 |
| Wheway Watson | 0.53 | — | 0.52 | 0.88 | 0.79 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 78 weeks. § For 53 weeks. ¶ Malaysian cents throughout.

## News Intnl. looking for further expansion

AT YESTERDAY'S annual meeting of News International, Mr. K. R. Murdoch, chairman, told shareholders that overall, the group's trading position was only slightly behind last year, but with every prospect of overtaking the final result.

However, News Group Newspapers, publishers of the News of the World and The Sun, was about £700,000 behind in its estimated *profit from this* time last year. This was due to the twin factors of continued industrial troubles and price control, Mr. Murdoch said.

In spite of determined and con*tinuous efforts to improve indus*trial relations, the group was still suffering heavy losses in short deliveries of print orders.

Nevertheless, he felt that there was much tangible evidence *within the company of improving* attitudes in some sections and he was hoping for a more settled period in the immediate future.

It was the stated policy of the group to maximise its revenues *so directors would continue to* apply for increases whenever possible, the chairman stated.

It was intended to begin printing in Scotland next year and a decision would be made very soon whether *this would be achieved* through contract printing or the erection of the group's own plant for some £2m.

Development of a major new production centre in London was being investigated and the group already owned sufficient printing presses for both these developments.

In the U.S. the group had an *investment* of nearly U.S.$30m in News America Inc. (owned 50 per cent by News International and 50 per cent by News Limited of Australia).

The Star had achieved a national circulation of over three million copies per week. Likewise the newspapers in San Antonio had made good progress and were earning satisfactory profits, Mr. Murdoch said.

New York Magazine had undergone several changes and was now making excellent progress, while New West, which was launched in California at a cost of U.S.$4m just before the group bought it, had cost another $2m. in its second year. It was now making good progress.

The Village Voice, the New York weekly, continued to do well and The New York Post had made important strides this year. Advertising revenues were nearly 25 per cent ahead of this time *last year.*

While Mr. Murdoch could still see many years of important growth for the group's UK newspapers, "which we will pursue aggressively," he said, limitations *of legislation* relating to monopolies, together with the attitude of the authorities towards newspapers investing in television, meant that the group was more likely to be purchasing or developing new properties outside of the U.K., rather than within it.

## Flexello forecasts over £0.72m for full year

*On turnover ahead from £3.52m* to £4.13m pre-tax profits of Flexello Castors and Wheels rose from £239,566 to £364,808 for the six months to March 31 1978.

And the directors expect that the current levels of business will be sustained for the rest of the year, and that second half profits will exceed those of the first half resulting, they say, in a useful improvement for the year as a whole. Profit for the 1976-77 year was a record £596,211.

The interim dividend payment is lifted from 1.05p to 1.155p net per 25p share and directors in*tend to pay the maximum per*mitted total for the year—last years final was 1.714p.

The directors state that overall demand for products remains satisfactory and in the light of their continuing policy of market development through product improvement and new products, they look forward to further profitable expansion of the group's business in the field of materials handling, both at home and overseas.

Net profit came out at £165,808 (£111,601) after tax of £199,000 (£127,965).

# Staveley rises to £15m and sees more growth

PRE-TAX profits for the 78 weeks to April 1, 1978 at Staveley Industries improved to £15.02m, compared with £6.76m for the previous 53 weeks. On an annualised basis, the result was up 48.1 per cent to £10.01m.

Including the results of the Salter Group from January 1, 1977, turnover advanced from £103.85m to £182.99m (£121.99m annualised). Sales of £44.4m were earned overseas, including £17.9m direct exports from the U.K.

All product groups, except possibly mineral products, expect to show better results in the current year, state the directors, who overall expect a respectable growth in profits and turnover, compared with the annualised results for 1976-78.

Trading profit for the period was £16.31m, £10.87m annualised and £7.6m for 1975-76. A divisional analysis shows (in £000s): electrical and mechanical services £2,600, £1,733 and £1,488, foundry products and abrasives £3,862, £2,575 and £2,165, machine tools and engineering £2,558, £1,705 and £1,616, mineral products £5,921, £3,948 and £1,900, Salter £1,508, £1,005 and nil, and North America £141 loss, £94 loss and £432 profit.

Trading profit as a percentage of turnover rose from 7.3 per cent to 8.9 per cent for the 78 weeks.

The directors report that with the exception of North America, all product groups improved to record profits.

Electrical and mechanical services performed excellently and in a depressed market produced an increase in profits, somewhat against the directors' original expectations and they are optimistic about its prospects for the current year.

Foundry products and abrasives further increased its profit; the increase would have been higher but for depressed market conditions, but profit growth should continue, even under current circumstances, they add.

The machine tools and engineering sector produced a very marginal increase on the profitability achieved in 1976. This was not quite as good as originally expected, but better than could be hoped for, considering the depressed state of the market, say the directors. They expect higher profits in the current year.

The mineral products division produced outstandingly good results, mainly due to British Salt, but also helped by improving performance in Staveley Lime, which is now operating at breakeven. The group will be hard put to match this excellent performance in the current year, they state.

In North America, operations suffered from a further downturn compared with 1976, aggravated by costs associated with measures taken to improve the situation there. The group is expected to be back in profit in the current year.

The Salter Group produced results in line with expectations at the time of the acquisition. Following steps taken during the period under review, a considerable increase in profits is expected in the current year.

After tax of £2.36m (£0.69m) adjusted for ED19 and minorities, profit before extraordinary items emerged at £11.68m for the period, against an annualised £7.78m and a restated £5.97m for the previous 53 weeks.

Extraordinary debits took £1.67m (£0.47m credits for 1975-1976), including a £1.11m charge arising from currency rate movements resulting from the stronger sterling. The remaining items mainly cover closures and rationalisation measures.

Stated earnings per £1 share are 84.3p, 56.2p annualised and a restated 47.7p for 1975-76. A final dividend of 5.1036p lifts the total for the 78 weeks' period to the maximum permited 13.5036p (7.8p) net—if ACT is reduced then a further amount not exceeding 0.8964p will be paid, say the directors. Dividends absorb £2.2m (£1.04m) leaving retained profit of £7.81m (£5.39m).

During the period, £8.9m was invested in new assets (£5.9m annualised and £4.2m for 1975-76) and capital investment in the UK continues at a high level.

After providing for the increased dividend, reserves increased from a restated £14.4m to £21.9m.

Overseas bank overdrafts amounted to £2.86m (£1.56m) and UK cash balances to £2m (£0.53m overdraft). This reflects continuing progress and good financial controls in the UK, and the effects of further investment in manufacturing facilities and in new product lines in Canada. Borrowing facilities available to the company exceed £30m.

Total debt as a percentage of ordinary shareholders' funds, after netting off cash balances, dropped from 30.8 per cent last year to 19 per cent. In 1969 this was 121 per cent.

The directors add that the level of borrowings and of gearing has been deliberately reduced over the last few years to provide the necessary elbow room for financing future capital investment, including possible acquisitions, without stretching the group's financial resources.

## ● comment

The 48 per cent jump in Staveley's annualised profit topped market expectations and the share rose 25p to 272p. Another reason for the market's reappraisal of the share price is the forecast of a respectable growth in profits for the current year. This will be achieved, the company believes, despite flat markets and prospects of only a marginal lift in the volume of work. It has budgeted to maintain its existing margins of around 7 per cent (industry average is 3 per cent) on contracts won by the electrical and mechanical services division. It plans to turn the North American operations around and it anticipates a higher contribution from the 15 month old Salter Group subsidiary. Borrowings have been reduced and gearing improved allowing the company to hint at future growth by acquisition. The annualised p/e is 4.7 and the yield is around 5.0 per cent.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

### TODAY

Interims—Anglo American Gold Investment, S. and W. Berisford, Blumel Bros., Castlefield (Klang) Rubber Estate, Charter Trust and Agency, Dundee and London Investment Trust, English China Clays, Killinghall (Rubber) Development Syndicate, Saatchi and Saatchi.

Finals—Alpine Soft Drinks, Amber Industrial, British Commonwealth Shipping, Caledonia Investments, Chloride, A. Cohen, Dominion and General Trust, Durrington Investment, Elswick-Hopper, First Union and General Investment Trust, Heywood Williams, Hargreaves, Highgate and Job, International Timber, William Leech (Builders), R. Paterson, Triplex Foundries.

### FUTURE DATES

| | |
|---|---|
| Interims— | |
| Brunner Investment Trust | June 16 |
| Cronite | June 26 |
| Lloyds Bank | July 21 |
| Lonsdale Universal | June 22 |
| Throgmorton Trust | June 21 |
| Union Discount | July 19 |
| United States Debenture Corpn. | June 21 |
| Finals— | |
| Cook (William) (Sheffield) | Aug. 3 |
| Lilleshall | June 19 |
| Property Holding and Invest. Trust | June 27 |
| Russell Brothers (Paddington) | June 20 |
| Tunnel | June 22 |
| Victoria Carpet | June 16 |

# Vimto sees further expansion

The first two months of the 1978-79 year have shown a continuing increase in home trade sales, says Mr. P. Nichols, the chairman of J. N. Nichols (Vimto), the soft drinks concern. And providing no unforeseen circumstances arise he is confident of further expansion during the current year.

As reported May 18, pre-tax profits for the March 31, 1978, year rose from £508,606 to £782,062 on turnover up from £4.4m to £5.65m.

The chairman says that again export sales increased, reaching a record figure in excess of £2.8m and he feels confident that the demand for "Vimto" cordial in overseas markets will continue at the present high level. There was an even bigger increase in the demand for canned "Vimto," he adds. This is now one of the leading canned drinks in Saudi Arabia and the Arabian Gulf and has made excellent progress since its introduction to the market.

The new factory and offices at Chorley are now complete and he feels sure that greater profitability will show itself in this year's figures. The old premises in Congress Street, Chorley, have been sold along with half the Bengal Street site.

A statement of source and application of funds shows a decrease of £59,021 in net liquid funds against an increase of £13,432. As at March 31, net current assets were down at £321,468 against £390,503.

# CompAir £5.7m at midway

AS INDICATED in February, profits before tax of CompAir, at £5.72m for the half-year ended April 12, 1978 have fallen short of the corresponding period's £5.86m.

The directors say that although the profit is close to the exceptionally good result achieved in last year's first half, progress has been constrained by subdued demand in most world markets and by generally adverse movements in exchange rates.

Sales overall increased by more than 10 per cent reflecting the fact that the group remains well-placed in the UK and abroad to benefit from future strengthening in trading conditions.

Any such improvement, however, is unlikely to have a significant effect during the remainder of the current financial year and it seems more probable that activity will remain at around the present level, the directors say.

Profits will benefit from the consolidation of results from the Watts Fluid Power interests and consequently the Board believes it reasonable to look for a final outcome in line with 1977.

The interim figures exclude the Fluid Power division of Watts Regulator Company, but the exclusion does not significantly affect the result for the period, the directors say.

The interim dividend is raised from 1.5p to 1.65p. The previous total was 3.6221p from pre-tax profits of £12.2m.

| | Half year 1977-78 £000 | 1976-77 £000 | Year £000 |
|---|---|---|---|
| External sales | 71.587 | 63.982 | 129.762 |
| Trading profit | 8.602 | 8.607 | 19.008 |
| Interest paid | 1,401 | 1.603 | 3.145 |
| Depreciation | 1,485 | 1.344 | 2.647 |
| Group profit | 5.695 | 5.579 | 12.183 |
| Associates | 22 | 21 | 31 |
| Profit before tax | 5.717 | 5.860 | 12.214 |
| Group tax | 2.934 | 2.766 | 5.577 |
| Associates | 8 | — | 11 |
| Minorities | 14 | 132 | 378 |
| Attributable | 2.701 | 2.962 | 6.250 |
| Interim dividend | 849 | 695 | — |

## ● comment

Sluggish world demand for compressors and pneumatic tools has hit growth for the moment at Compair. Taxable profits slipped 2 per cent. and this continues the downward trend in the second half last year when pre-tax profits rose only 7.2 per cent., against 70 per cent in the first six months. Exchange rate movements have clipped more than £½m off overseas earnings and hit exports from the U.K. The chief problems, however, lie in Nigeria and France. Profits from the Nigerian subsidiary fell by £½m, largely due to Government controls on spending. The position here is unlikely to improve but next year the operation will anyway revert to associate status when the Nigerian Government takes another 20 per cent stake. Government restrictions and the loss in business confidence prior to elections hit profits in France but they should recover this year. Meanwhile the Watts acquisition in the U.S. should contribute some £300,000 to profits in the current half and some £10m to sales in a full year. Overall, however, Compair is not likely to improve on last year's £12.2m. At 93p the shares stand on a prospective p/e of 9 and yield 6.6 per cent.

# Fidelity Radio well placed

IN HIS annual statement Mr J. Dickman, the chairman of Fidelity Radio, tells members that the group is well placed to take advantage of a recovery in the general economy and any upsurge in consumer spending.

During a period in which retail sales volumes declined in the industry, a determined effort has been made in strengthening the company's position in the market place. It was essential, in the face of price cutting and dumping says Mr. Dickman to pursue the policy of establishing and maintaining a prominent position as the major manufacturer of audio products in this country. In this task the group has succeeded, he adds.

Demand for consumer durables has been badly affected all over the world. However, Fidelity's overseas operations continued to expand. Efforts to develop exports are payin edividends and sales overseas have increased two and a half times in the last two years. This has been achieved mainly by strengthening marketing strategy in existing markets, and new markets have also been tackled with success. The directors hope to see the continuing benefits of these endeavours in the years to come.

The chairman says the group has also made great strides in the development field with the introduction of new models using the latest techniques.

"We have therefore consolidated our position in the home market and we have expanded our exports. The rate of inflation experienced in the past, appears to slowing down and to be more controlled. There are signs of a resumption in consumer spending, and if this is maintained, I have every confidence that we will be able to return to greater profitability."

As reported on May 17, pre-tax profits fell from £1.75m to £1.31m in the year to March 31, 1978. Turnover rose from £17.87m to £18.4m with a drop in UK sales from £15.4m to £14.3m offset by a rise in exports from £2.48m to £4.06m.

Net liquid funds were £41,000 (£171,000) lower at the year end.

Meeting, 1, Portman Square, W, on July 6 at noon.

# Warren Plantations more than doubled at £10.9m

INCLUDING £2.11m., against £0.27m., from associates, pre-tax profits of Warren Plantation Holdings more than doubled from £4.67m to £10.9m in 1977 on turnover ahead from £15.91m to £23.73m.

In January, the directors forecast profits substantially higher than those for 1976.

They now say the development of the diversification policy planned to achieve a greater geographical and commodity spread has progressed through the acquisition of Supara Investments' rubber and oil palm estates in Indonesia.

The tea and coffee prices in 1978 are lower than those prevailing during 1977 and, therefore, it is unlikely that the profits for the current year will be as good as those for 1977, but in light of the diversification policy the level of maintainable profit is now higher than in previous years.

Earnings are shown to be up from 40.98p to 81.18p per 25p share and the dividend total is stepped up from 9.1p to 14.67p net with a final of 10.05p.

| | 1977 £ | 1976 £ |
|---|---|---|
| Turnover | 23,727,272 | 15,913,214 |
| Operating profit | 8,790,566 | 4,396,972 |
| Share assocs. | 2,107,554 | 271,115 |
| Profit before tax | 10,898,720 | 4,668,087 |
| Tax | 7,450,034 | 3,066,499 |
| Net profit | 3,448,076 | 1,601,569 |
| To minorities | 30,750 | 90,202 |
| Extraord. debits | 275,920 | †67,562 |
| Attributable | 3,141,353 | 1,578,949 |
| Dividends | 617,567 | 383,085 |
| Retained | 2,523,816 | 1,193,864 |

† Credits.

## ● comment

Although tea and coffee prices have come off the boil, Warren Plantations' profits have more than doubled. Warren has adopted SSAP 9 and did not write in massive stock profits in 1976 as most of the other tea and coffee companies did. So the profits have only appeared in the accounts after the produce has actually been sold. In next year's accounts the tea and coffee profits will be lower but Supara, the Indonesian acquisition producing rubber and palm oil, will be consolidated for a full year instead of only 1½ months. The Supara deal has been made to look very good in the light of the high value since put on London Sumatra's estates in the recent bid battle. Meanwhile official sanction for the "Indianisation" proposals are expected shortly. And when the proceeds come in, perhaps Warren can find a way to solve its irrecoverable ACT problem. In view of the diversification both past and planned, the yield of 9.6 per cent. at 242p, looks attractive.

## CRANE FRUEHAUF DEB. REPAYMENT

The directors of Crane Fruehauf intend to submit to shareholders of the 7 per cent debenture stock 1986-91 proposals for its early repayment at £90 per cent together with interest up to and including the date of repayment. The nominal amount of the stock outstanding is £258,030.

# McNeill loss: no dividend

TURNOVER OF McNeill Group, concrete and structural engineering concern, was down from £13.82m to £12.1m for the whole of 1977 and the group incurred a pre-tax loss of £1.29m for the period compared with a small profit of £3,494, after an extraordinary debit of £15,084 (£10,000).

The directors state that the group experienced extremely difficult trading conditions throughout the year and that the second half was particularly disappointing; losses for this period amounted to £1.15m against £0.3m.

The current year's trading has continued to be difficult, although the benefit of recent orders obtained should help to improve the position of the group.

There is no dividend payment for 1977 compared with 2.850439p net last time.

| | 1977 £ | 1976 £ |
|---|---|---|
| Turnover | 12,101,000 | 13,815,000 |
| Extraordinary debit | 15,084 | 10,000 |
| Pre-tax loss | 1,287,783 | *3,494 |
| Tax credit | 448,419 | †76,441 |
| Loss after tax | 839,364 | 72,947 |
| Dividends | — | 77,610 |
| Prior year adjust. | 24,594 | §9,329 |
| Deficit forward | 29,201 | *834,755 |

* Profit. † Charge. § Addition.

# Advance by Alliance Inv.

Pre-tax revenue of Alliance Investment Company advanced to £591,784 for the year to April 20, 1978, compared with £480,812 for the previous 12½ months.

After tax of £222,688 (£177,140) stated earnings rose from 2.49p to 3.09p per 25p share. A final dividend of 2.05p makes the total 3p (2.45p) net.

Net asset value is shown as 139p (120p) per share.

# Nottingham Brick ahead

First half to March 31, 1978 results of Nottingham Brick Company, show higher turnover of £911,856 against £772,107 and pre-tax profits up from £215,872 to £251,742.

Full production has been maintained in spite of difficult weather conditions. The directors believe the recent improvement in demand will continue and that full-year profits will show a satisfactory increase over the record £509,000 achieved in 1976-77.

The new mechanised sorting and packaging plant will be installed in August, the directors add.

As stated at the time of the rights issue in July last year, the directors have reviewed the ratio of interim to final dividends and have declared an interim dividend of 4.85p per 30p share against 3.85p previously. The total last year was 11.55p.

The directors point out that it is policy to provide tax on an actual basis and not to provide for deferred tax. The tax liability will be shown in the annual accounts.

# Great Portland tops £4m

WITH SECOND half revenue higher at £2.14m against £1.21m, Great Portland Estates ended the year to March 31, 1978, with a pre-tax figure up by 54 per cent. from £2.67m. to a record £4.1m. Gross rental income rose by 12 per cent to £8.07m.

After UK tax of £1.70m (£1.17m), net revenue from completed properties advanced from £1.54m to £2.35m, which included an amount of £11,000 (£47,000) equal to the outgoings for the year attributable to properties in course of development.

The result was struck after exceptional items amounting to £904,859 (£1.09m), which comprised £234,036 (£871,190) for repairs arising on the refurbishment of properties, £670,823 (£332,947) for remedial work in connection with latent constructional defect, less a profit of £117,931 last time on the sale of trading properties.

Stated earnings are 8.2p (5.5p) per 50p share and a final dividend of 3.3572p (2.9457p) steps up the total payment from 3.9457p to 4.3572p net costing £1.27m (£1.13m)—should ACT be reduced the directors say the final will be maintained at the maximum permissible.

A one-for-two scrip issue is also proposed and in the event of present dividend restrictions being removed, the directors intend to maintain the current dividend rate on the increased capital for the 1978-79 year.

During the year the group realised a surplus on the sale of investment properties amounting to £1,017,087 (£742,852) after capital gains tax. This sum has been transferred to capital reserve.

A professional valuation of the entire group portfolio is to be carried out as at March 31, 1979.

# Robertson Foods below expectations at £2.7m

FROM turnover of £72.33m. against £53.27m., profits before tax of Robertson Foods rose from £2.58m. to a record £2.73m. in the year ended March 31, 1978.

However Mr. R. C. Robertson, the chairman, says the profit did not come up to expectation. At midway, when reporting pre-tax profits up from £881,000 to £969,000 (including £102,000 from Scotia Barry Foods), the directors were of the opinion that the full year's profit would show a satisfactory increase over the previous year.

After the satisfactory profit growth in the first half followed in particular by a good Christmas trade in mincemeat and puddings, abnormally difficult trading conditions in the last three months, to March 1978, were experienced in the UK, says the chairman.

The existing price war among food retail groups and a general fall in food consumption in the period meant that most UK food manufacturers have suffered adversely.

But with selling prices shortly taking place on most of the group's products, margins should not be further eroded, says Mr. Robertson, and it is anticipated that the current year to March 1979 should show a satisfactory improvement over 1977-78.

The final dividend is 4.3311p net lifting the total payment from 5.1859p to a maximum permitted 5.7249p.

Actual earnings per 25p share are shown as 22.8p (24.52p) and 12.41p (12.33p) after notional UK tax charge at 52 per cent.

The group profit would have been considerably better but substantial increases in the prices of soft fruits and dried fruits the costs of financing the stocks of these materials were very high and the additional bank interest charges could not be fully recovered in selling price increases.

Canada, the group's major export market, suffered from a weak dollar for a considerable part of the year which adversely affected profitability on sales to that country.

The technical problems encountered following the delayed installation of imported equipment for the increased breakfast cereals production took longer to overcome than had been originally anticipated.

The poor summer, followed by a mild autumn and early winter, affected the sales of the UK canning company.

However, the directors consider that the fall in the UK group profit in 1978 is only a temporary seback.

Peny SA, the French canning subsidiary which is now wholly owned, had an outstanding year with a substantially higher profit and, assuming this year's crops are good, it should have another excellent result, says the chairman.

The current production in the breakfast cereals division is running at a satisfactory level with demand exceeding supply: the Canadian dollar has improved and a reasonable summer could mean a slow down in increases in soft fruit prices, Mr. Robertson adds.

| | 1977-78 52 wks £000 | 1976-77 53 wks £000 |
|---|---|---|
| Home turnover | 59,413 | 43,458 |
| Export | 4,208 | 3,326 |
| Overseas | 8,705 | 6,482 |
| **Total turnover** | 72,326 | 53,266 |
| Trading profit | 3,777 | 3,343 |
| Deb. interest | 306 | 203 |
| Other | 843 | 439 |
| **Profit before tax** | 2,734 | 2,581 |
| UK | 2,007 | 2,181 |
| Overseas | 727 | 400 |
| Overseas tax | 563 | 213 |
| Net profit | 2,171 | 2,368 |
| Other income | 189 | 119 |
| Minorities | — | 51 |
| Pref. dividends | 34 | 34 |
| Ord. dividends | 568 | 477 |
| Fixed assets | 9,030 | 7,015 |
| Current assets | 24,981 | 19,484 |
| Current liabilities | 8,255 | 7,504 |
| Deferred tax | 1,992 | 1,943 |
| Long-term loans | 2,007 | 1,939 |
| Short-term loans & o'drafts | 8,422 | 4,132 |
| Minority interest | — | 345 |
| Share capital and res. | 13,305 | 10,640 |

### ● comment

The slump in grocery sales since Christmas has left Robertson's *full-year profits only 6 per cent* higher, with margins—down a point to 3.8 per cent—coming under further pressure from the continuing food price war and higher soft fruit prices. After stripping out a disappointing contribution of £143,000 from Scotia Barry (acquired in September, 1977), the profits rise is only £10,000 at a time when industry grocery sales, by volume, dropped by around 4 per cent. The important preserves division (half of group sales) struggled to maintain volume while the availability of fresh produce knocked more than a quarter off volume sales of tinned fruit and vegetables. In contract, however, breakfast cereals (14 per cent of sales) showed a volume gain of about a quarter but unexpected technical problems with the new Canadian equipment, which cost £2.5m, reduced profits in this division by 40 per cent. This should recover in the current year now that the problems have been solved and there should be useful growth from cake mixes (the new Candora range introduced in April has already taken a tenth of the cake mix market). But, overall, with the main four supermarkets accounting for around 50 per cent of Robertson's turnover, the outlook depends on the duration of the price war and how soon margins can be restored. At 151p, the shares are on a p/e of 11.8 while the yield is almost 6 per cent, compared with 6.8 and 5.6 per cent respectively for the food manufacturing sector.

## Avenue Close earns and pays more

Avenue Close, property investment and development concern, announces an increased net dividend for the March 31, 1978 year of 1.625p per 20p share compared with 1.477p last time, on earnings of 2.763p (2.623p) per share.

Profits for the period rose from £307,227 to £338,937 subject to a tax charge of £190,752 against £147,568 and an extraordinary credit of £11,129 (£62,340). The amount retained came out at £80,404 (£132,079).

Profit at halfway was ahead at £172,263 (£140,880) and the directors anticipated a further improvement for the full year.





MINING NEWS

# Two alumina plants for Western Australia

BY PAUL CHEESERIGHT

THE Western Australian Government's strategy for the development of the state's bauxite resources will advance significantly within the next six months as plans for a start to construction at two alumina plants within the next six months come to fruition.

Site preparation for the Alwest consortium's plant, led by Reynolds Metals, the U.S. group, using bauxite reserves held by Broken Hill Proprietary and Mr. Rupert Murdoch's News Limited, is scheduled to begin in January, 1979.

Construction work at a plant to be run by Alcoa of Australia, in which Western Mining Corporation has a 20 per cent stake, should start by October 1 if the existing target date is met.

Both plants are south of Perth in the south west corner of Western Australia. Alwest's plant will be at Worsley and Alcoa's at Wagerup. This will the third Alcoa alumina plant in the state.

The target dates for a start to construction emerged in talks Sir Charles Court, the Premier of Western Australia, had in the U.S. with Reynolds and Alcoa towards the end of last month.

Both plants are priorities for the state Government, which holds as a basic point of policy the desirability of adding value to the mineral resources of the state. Already one-eighth of the world alumina production comes from Western Australia.

Sir Charles yesterday made clear that the state wanted to advance from the production of alumina, the first stage in the processing of bauxite, to the smelting of aluminium, the next stage. He wanted to hold talks with the companies about this.

"I want to see us work out the energy requirements to go into aluminium," he said. "We believe that with the changed energy situation, our capacity to smelt is more competitive than, say, ten years ago."

Alcoa's plans for Wagerup arose as a direct consequence of its withdrawal last year from the Alwest consortium.

The Wagerup project is contingent upon state approval for an environmental review and management programme which is now open to public comment. After his talks with Alcoa executives last month Sir Charles made clear that there would be little problem about the approval.

"The environmental studies have been done with great thoroughness and I am confident the 'all clear' will be given for a start well before the end of the year," he said.

The Alwest partners will submit their environmental programme by the end of this month and it is expected that approvals will be granted by the middle of October thus allowing for the target date of January construction to be met.

Over this period the obscurities of the Alwest corporate structure will have some light shed upon them. During the next few weeks, Sir Charles indicated, the nature of BHP's participation will be settled. This will ensure a strong Australian participation in the project.

At this stage costs of design, environmental studies and plant layout are being met by Anaconda, the U.S. copper group, as to 25 per cent, Billiton, the Shell group's metals unit, as to 20 per cent, Kobe Steel of Japan, as to 7.5 per cent, with the balance being met by Reynolds.

Meanwhile studies about the feasibility of opening up the bauxite deposits of the Mitchell Plateau in the Kimberley area, which is in the north of Western Australia, are continuing.

These deposits have been the subject of lengthy investigation by Alumax, a U.S. consortium in which Amax holds 50 per cent. Sir Charles said the deposits could be opened up with a $40m project to produce refractory grade bauxite, but he would prefer to see an alumina plant go in.

## Uranium fever excites the Northgate camp

IRISH URANIUM exploration fever produced more excitement yesterday in the shares of Canada's Anglo United Development which jumped 57p further to 260p, making a three-day advance of 96p. Northgate Exploration, which holds 24 per cent of Anglo United, rose 15p to a high of 465p while Westfield Minerals, which has a 13.6 per cent stake in Northgate, gained 13p to 110p.

In Toronto Anglo United cautiously announced that preliminary exploration work on the four prospecting licences covering 72 square miles in County Donegal, recently issued to its wholly owned Irish subsidiary, is progressing.

Initial indications from detailed geological mapping and scintillometer surveys have substantiated the original indications and the zone has now been traced intermittently over a strike length in excess of six miles.

Work is currently proceeding on a comprehensive shallow trenching and bedrock channel sampling programme across the zone of anomalous radiometric readings in the centre of the area. Analyses of these samples should enable a better understanding of the distribution, source and nature of the anomaly for continuing follow-up work, it is stated.

In view of the area involved, Anglo United anticipates that a considerable amount of time will be required to thoroughly evaluate the economic significance of the radioactive zones.

## Sungei Besi's come-back

THANKS TO higher than forecast tin concentrate production coupled with a good metal price, Malaysia's Sungei Besi reports a net profit for the year to March 31 of M$6.94m (£1.58m), equal to M$2.03 per share. For the previous year there was a loss of M$1.52, or 44 cents per share.

Dividends are to be resumed with a payment of 65 cents (14.8p) less Malaysian income tax at 40 per cent, or 39 cents net. For UK residents, standard rate UK income tax is deductable from the net dividend payable.

The company adds that production for the current year will not be less than that for 1977-78. The shares were 208p yesterday.

### HOUSTON STARTS COAL PROJECT

Initial development work has started at the $200m (£109.4m) Oaky Creek coking coal project in central Queensland, Houston Oil and Minerals Australia stated in Brisbane.

The company, which has an 80 per cent stake in the venture, is a subsidiary of Houston Oil and Minerals, a U.S. group. The remaining 20 per cent is held by R. W. Miller (Holdings) of Sydney.

First production is planned for 1981 and is expected to build up to 2m tonnes a year by opencast mining and 1m tonnes a year from underground.

The engineers and constructors for the venture are Brown and Root, and Fluor Australia.

## Spargoville's limited life

THE AUSTRALIAN Selcast Exploration, in which London's Selection Trust has a beneficial interest of approximately 84 per cent, sees no promise at this stage that the cash flow from its Spargoville nickel mine in Western Australian will last beyond the end of next year or the beginning of 1980.

At the annual meeting in Sydney Mr. Peter Wreford, the managing director, pointed out that it has now been decided that economic recovery of nickel from the Spargoville No. 2 deposit is not possible because of the high arsenic content and A$1.4m (£0.87m) is to be written off. No extensions have been made to existing reserves at location 3 while the location 1 deposit is not considered an economic proposition at current nickel prices.

While the company moves towards the end of its Spargoville mining operations—which made a net loss of A$745,601 in the nine months to December 31—is still has, via the 20 per cent holding in Western Selcast, an interest in the Agnew nickel mine and the Teutonic Bore copper-zinc-silver deposit.

The latter, which is jointly owned by the Selection Trust group and MIM Holdings, "should make a profitable open-pit mine when metal prices recover." Agnew, which has sold its production for 10 years forward to Amax, is progressing through better ground conditions than those encountered in the access decline and which have put back the date of production from stoping to the first quarter of 1979.



# Allied Retailers up £1.2m to £4.9m

AFTER A lower transfer to unrealised gross profit reserve of £281,607 against £808,056, pre-tax profits of Allied Retailers, carpets and furniture group, finished the April 1, 1978 year at a record £4.87m compared with £3.7m last time. Turnover was ahead by £13m to £65.7m.

At the interim stage profits were up from £1.2m to £1.61m and the directors said they expected a satisfactory increase for the full year.

They now state that results for the first 10 weeks of the current year are showing a marked improvement over the corresponding period last year and, provided consumer demand continues, they expect a further substantial increase in profits for the full year.

The group's considerable expansion programme is proceeding, they add, and is expected to add some 35 per cent to selling floor space during the 1978-79 year. They say the full benefit of increased turnover from this expansion will arise in the 1979-80 year when total group sales are expected to exceed £100m.

| | 1977-78 £ | 1976-77 £ |
|---|---|---|
| Turnover† | 65,693,592 | 52,718,209 |
| Transfer | 281,607 | 808,056 |
| Pre-tax profit | 4,874,079 | 3,695,915 |
| Tax | 2,706,845 | 2,054,388 |
| Net profit | 2,167,234 | 1,641,527 |
| Extraord. credit | — | 6,261 |
| Retained | 1,403,667 | 1,025,342 |

† Net of VAT.

Earnings per 10p share are shown as 25.5p (20.9p) and a final dividend payment of 5.812p net lifts the total from 7.8923p to 8.712p. Also proposed is a scrip issue of one 9.75 per cent preference share and 10 new ordinary shares for every five ordinary shares.

### ● comment

The upturn in consumer spending in the first quarter of calendar 1978 shows through in Allied Retailers' full year results. After a rise in first half pre-tax profits of only 5 per cent the second half romped home with a gain of nearly 20 per cent. But Allied is probably not typical of the carpet and furniture trades. Volume for the year as a whole was up between 5 and 7½ per cent, and despite competitive pressures the company has held its gross margins though at the net level they slipped from 8.5 to 7.9 per cent. This year Allied is going for a big increase in sales area—35 per cent—and so start up costs may dent margins initially, particularly in the second half when the majority of the openings should start to come through. However Allied is budgeting for sales growth of around 30 per cent this year and profits are expected to climb above £6½m with the big boost from physical expansion coming in 1979-80. Meantime the move into manufacturing is an interesting development, but since it will account for no more than 20 per cent of carpet sales the company is clearly keen to maintain its retailing bias. At 278p the shares have had a very good rise recently and the p/e of 10.7 and yield of 4.8 per cent seems high enough for present.

### ASSOCIATE DEAL

Robert Fleming and Company bought for associates being discretionary clients, 15,000 Investment Trust Corporation at 278p.

BIDS AND DEALS

# Cement-Roadstone bids for J. & W. Henderson

Cement-Roadstone Holdings, Ireland's largest industrial company, yesterday launched a £5.65m agreed takeover bid for J. and W. Henderson, the Aberdeen based builders merchants.

CRH is bidding 210p a share for Henderson, which it claims is Scotland's largest builders merchants' group. There is an alternative share offer of 21 CRH shares for every eight Henderson shares.

The bid already has the backing of the major shareholder London and Northern group which has a 34.6 per cent stake in Henderson whose directors are also supporting the terms. Henderson shares rose 55p yesterday to 210p while CRH shares closed a penny up at 82p.

The bid price compares with Henderson's net assets of £5.7m based on unaudited accounts for the year ending March 31, 1978. Pre-tax profits last year were £853,000.

A spokesman for CRH said last night that the group had been seeking to extend its builders' merchant interests following the successful acquisition of Van Neerbos in Holland around five years ago.

More importantly, the group, which earned pre-tax profits of £14.8m last year, has also been seeking to extend its profits base outside of Ireland. Currently the group earns only around 15 per cent of its profits overseas and has been known to have been looking for an acquisition either in the UK or the US.

CRH has said that it intends to spend about £100m on expansion over the next five years and some of this can be expected to have been earmarked for overseas developments.

Meanwhile CRH says that Henderson will retain its separate identity.

It can clearly support the deal with cash of £13.7m in its last balance sheet while net debt of £25m was compared with shareholders' funds of £94.6m.

## SWISS BID FOR BRIDGEWATER TRUST

Bridgewater Investment Trust has been granted a re-listing of its shares on the London stock exchange following the announcement that Sagest SA, a Swiss financial holding group is to mount a 396,000 bid for the trust.

It had been hoped that Bridgewater would regain its quote today however this has been delayed because the offer document was not ready to be sent to shareholders last night — the stock exchange has told Bridgewater that its shares will be re-quoted as soon as the document is posted to shareholders.

The Geneva based group has paid Clifton Investments £218,000 to buy out its 55 per cent stake in the trust and under City Take-over Panel rules must now bid for the outstanding shares. It is offering 0.6p a share but says that any shares acquired through this latest offer will be placed with investment clients of Rowe Rudd—the brokers handling the deal.

Bridgewater lost its quote at the end of April after the Law Debenture Corporation alleged breaches of trust deeds and demanded immediate repayment at par to holders of £143,000 of loan stock.

A spokesman for Sagest said last night that the group intended to seek an amicable settlement with Law Debenture as soon as possible.

In the interim Bridgewater has lodged £167,000 in a joint account with Law Debenture to cover the cost of any possible repayment of loan stock.

However the group believes that it has a strong case and has said that it does not expect to have to make the repayment demanded by Law Debenture.

## UNITED SPRING BUYS GILLSAN

United Spring and Steel Group has agreed to acquire the capital of the Gillsan Company. The consideration is £428,700 of which £228,700 was satisfied today by issue of 903,350 United Spring ordinary shares which have been placed on behalf of the vendors under arrangements made with Kleinwort Benson.

The outstanding £200,000 will be paid in cash by United Spring on September 18. Gillsan, which is based at Netherton in the West Midlands, is a mass-producer of specialist springs of a smaller type than presently manufactured by United Spring.

For the year to September 30, 1977, pre-tax profit of Gillsan amounted to £104,748 and underlying net asset value at that date was £344,020. Mr. A. Hems, presently chairman of Gillsan, agreed to remain on the Board and will be joined by Mr. H. Hodson, a director of United Spring.

# Serck paying £3¼m for private foundry—warns on profit

IN A deal worth £3¼m, Serck the industrial valve and engineering group, has agreed to purchase Wilsons Foundry (Holdings), the privately-owned steel foundry company based at Bishop Auckland.

The consideration has been satisfied by the issue of over 4m new 25p Serck shares, which will be placed by Robert Fleming in conjunction with L. Messel and Smith Keen Cutler.

Mr. John Pinckard, Serck's chief executive said yesterday that Wilsons Foundry, which has a production capacity of 3,000 tons, will provide about one-third of the casting requirements of Serck's industrial valve division in 1979.

Currently, Serck obtains its annual casting requirements of about 4,000 tons from three leading steel foundries in the U.K. The acquisition will thus provide Serck with a source of its own and a new source of revenue.

Mr. Pinckard said Serck expects to be able to double Wilsons' earnings in 1979. Last year, Wilsons made pre-tax profits of £373,883 and the book value of its assets at that date stood at £2.58m.

Meanwhile, Mr. Pinckard also revealed that Serck's performance in the second half does indicate that pre-tax profits will not be higher than the interim's £2.86m. This suggests that pre-tax profits for the year to September 30, 1978 could be some 30 per cent down on £9.3m in 1976-77.

## CDFC INVESTS IN NEW BRAZILIAN JOINT VENTURE

Commonwealth Development Finance Company is to invest £666,000 in FNI-Howard S.A., a new joint venture Brazilian company manufacturing agricultural machinery.

The investment will give CDFC a 36.2 per cent holding. The other shareholders are UK Howard Machinery, which has a 45.6 per cent stake and Fabrica Nacional de Implentos of Brazil, which has an 18.2 per cent holding.

The investment is the third for CDFC in Brazil, where the total book value of their investments is about £2.5m. The others include investments in the Brazilian subsidiaries of Eva Industries and Delta Metal.

Mr. Dennis Pearl, managing director of CDFC, said the investment "is in keeping with our new policy that the company's role should not be confined to Commonwealth countries in terms of geography.

"We are now prepared to invest in most countries of the world, but always in aid of a Commonwealth interest and therefore, usually alongside a Commonwealth partner. But this does not exclude the possibility of CDFC investing in a Brazilian controlled company," he added.

## SPEAR & JACKSON PULLING OUT OF AUSTRALIA

Spear and Jackson International, the tool manufacturer, has agreed to sell its 60 per cent owned Australian subsidiary, Spear and Jackson Holdings, for £755,000. Brown and Dureau, a Melbourne-based importer, exporter and distributor, will pay A$1.02 per share and offer the same price to holders of the other 800,000 shares.

Mr. Leonard Grosbard, managing director of the UK parent, said yesterday that the Board had been hoping to sell the Australian operation for some time. "It has been increasingly unconnected with our main business," he said. S and J Holdings has expanded into the fields of importing and factoring, leaving the business relating to the UK parent at only 30 per cent of the whole.

The proceeds will be remitted to the UK and used in the main business. Mr. Grosbard said that the funds could not be used for alternative overseas investment.

The book value of the Australian subsidiary in the S and J International's accounts is £857,000. The proposed offer price compares with the previous closing price of 60 cents per share. The company was floated on the Australian Stock Exchange in mid-1976. In 1977 it made pre-tax profits of $239,000 ($325,000).

## NEB RAISES BROWN BOVERI STAKE TO 20%

The National Enterprise Board has now, in accordance with its known intention, raised its interest in Brown Boveri Kent, the process equipment and instruments concern controlled from Switzerland, to 20 per cent. Until recently, the NEB had a stake of 17.6 per cent in BBK (54½ per cent of which is owned by Brown Boveri of Switzerland) but it has increase its holding, both by purchasing further shares and by subscribing to the recent rights issue.

A statement yesterday from the State-owned NEB said its stake in BBK now amounted to 10,856,585 shares acquired at an average cost of 30.3p a share.

The holding has been increased after full consultation with BBK so that the interest could be consolidated in the NEB accounts. It is not the NEB's intention to increase its holding further.

## ROYCO SELLS STAKE IN PHOENIX TIMBER

Royco Group, the Buckinghamshire property development and financial group, has sold the 25 per cent stake in Phoenix Timber, which it bought for about £1.15m in September 1977.

A brief announcement yesterday stated that QST Industrial Trust, which is a wholly-owned subsidiary of Royco, has sold 720,000 shares in Phoenix and, as a result no longer holds shares in the company.

The sale marks a quick turnover of holders for the Phoenix stake in the last eight months. Royco purchased the stake from Pentos at a price of 160p a share. That sale, according to Mr. A. Gourvitch, the Phoenix chairman, was conducted without the prior knowledge of his Board.

Mr. Gourvitch added at the time that the Board felt Phoenix would do better to remain an independent company and that any takeover bid would not succeed.

## GLOSSOP COMPARES ITS PERFORMANCE WITH WETTERN'S

W. and J. Glossop, the public works contractor which is bidding for Wettern Brothers compares its 75 per cent pre-tax profits increase over the past five years with Wettern's 92 per cent decline over the same period in an offer document sent to shareholders yesterday.

Glossop, which already owns 25 per cent of Wettern—manufacturer and distributor of construction materials—is bidding 95p a share for the outstanding ordinary and 85p for each Wettern preference share. The total cost of the deal would be £1.24m.

However a major obstacle could be the Wettern family which owns around 45 per cent of the company. Mr. Digby Burnell chairman of Glossop said yesterday that the offer price was at a discount to Wettern's net tangible assets of 132p a share—recorded in the company's recent annual report and accounts for 1977.

He said, however, that this was appropriate given the low level of profits generated from these assets.

## VAUX EXPANDS IN BELGIUM

Vaux Breweries has acquired for BFr 4,614,281 (£76,600) the remaining 25 per cent in Liefmans Brewery, Oudenaarde, Belgium, not already owned. This is the same price in Belgian Francs per share as was paid for the original acquisition.

Mr. Paul Nicholson, the Vaux chairman, said that having Liefmans as a wholly owned subsidiary made it easier to use it as a base from which to expand sales of the group's own beers in the EEC countries as well as to develop the sales of Liefmans Beers in a wider market.

## W. HENSHALL

The unconditional offer by Bovbourne for W. Henshall and Sons (Addlestone) has been accepted in respect of 20,330 shares (0.8 per cent.). Bovbourne now holds 1,279,332 shares (50.8 per cent). The offer is extended until further notice.

Mr. Henshall is opposing the take-over. A spokesman for its adviser, Barclays Merchant Bank, said yesterday, "The implication of this low level of acceptance is there for all to see."

## I. & J. HYMAN

I. and J. Hyman announces that the purchase of those shares in Draka Foam not already owned by Hyman has been completed and 600,452 ordinary units in Hyman have been allotted and issued in part satisfaction of the consideration. The Board has been informed that the 995,000 ordinary units held by Draka Foam have been sold at 37p ex rights.

## SHARE STAKES

Evans and Owen: Mr. S. Waissel has acquired a further 9,666 shares at 33p per share making a total holding of 136,224 shares (28.3 per cent).

Somportex Holdings: Mr. S. Waissel now holds 35,000 shares (5 per cent).

Thomas Borthwick and Sons: Sir John T. Borthwick, a director, bought on June 6 25,000 shares, on June 7 50,000 shares and on June 8 18,000 shares.

Duple International: W. S. Yeates has acquired 200,000 shares making total holding 3,746,666 shares (9.1 per cent).

Airflow Streamlines: Minster Assets and its subsidiaries' interest is 280,000 shares (10.87 per cent), previously 11.6 per cent.



# Reports to meetings

# Britannia Arrow sells more property

SINCE THE beginning of this year, Britannia Arrow Holdings, the former Slater Walker Securities, had disposed of further property for a total of £1.5m, the new chairman, Mr. Geoffrey Rippon, MP, said at yesterday's annual meeting.

Mr. Rippon also told shareholders that the company was to redeem its sterling-deutsche mark bond issue at the end of June at a premium of 2½ per cent. The effect of this would be to reduce the group's currency exposure by about £2m, and to eliminate an interest shortfall of £250,000 a year at current rates.

This repayment, together with the mandatory repayment in July of the 1978 tranche of the Dutch florin notes would reduce the company's loans by about £10m.

Summarising the effect of recent transactions in 1978, Mr. Rippon said that the cash received from the sale of Arrow Life Assurance and the properties, and from the redemption of the holding of Wigham Poland loan stock, together with a reduction in debtors amounted to £16m, of which £10m was committed to repaying loans.

As to prospects, Mr. Rippon said: "As shareholders will realise, the performance of the group is largely dependent on fluctuating interest rates and foreign currency movements, which means that it is not possible to make a precise forecast. However, the major trading activity of unit trust and investment management has enjoyed a fairly successful start to the year, which we hope will continue."

Shareholders were also told of a change in the relationship with two City merchant banks, Hambros and N. M. Rothschild and Sons, which have been particularly close to the company in recent years.

Two directors of each had been on the Board until December 1977 from October 1975, when Mr. Jim Slater resigned as chairman to be succeeded by Sir James Goldsmith and when the Bank of England stepped in with heavy support, eventually buying the Slater Walker bank and other assets for £18.4m cash last September.

Mr. Rippon, who succeeded Sir James last December, said yesterday: "At the time of my appointment as chairman, it was announced that these merchant banks would be in attendance at Board meetings in order to assist during the transition period. I am happy to report that this period is now over and the arrangement has been terminated."

"However, the services of Hambros and Rothschilds will continue to be available to the Board as joint financial advisers to the company," he added.

At other meetings held yesterday, the chairman reported as follows:

British-Borneo Petroleum Syndicate: Mr. C. L. Nelson said the group expected to do well in the current year. When dividend restraints were relaxed or removed it was the intent of directors to recommend resumption of the traditional dividend policy of distributing a large proportion of earnings.

Burrell and Co.: Mr. M. C. Ashworth said his forecast that growth in demand in 1978 was likely to be modest was still in line with sales in the current year.

Everything pointed to the fact that the group was at least maintaining and possibly even increasing slightly its share in the UK market.

Change Wares: Mr. Geoffrey Rose, the chairman, said that the forecast of a return to profitability had been achieved during the first quarter of the current financial year. Trading to date this year had been running at very satisfactory levels and ahead of budgeted expectations. "I am therefore confident that the company will in the current financial year surpass the forecast previously made of profits of not less than £450,000."

First Castle Securities: Mr. Leslie Connor told shareholders that the situation remained satisfactory.

The board intended to continue developing the Hunt Piano business while the increased liquid resources of the group would be utilised to the best advantage in due course.

Hawtin: Mr. Frank Hawtin said the accounts for the first six months of the current year would show further improvement. He was not able, however, to anticipate when Ordinary dividend payments would be resumed.

Office and Electronic Machines: So far this year turnover had continued to increase in excess of expectations, Mr. Erich Markus reported. Although some of this was due to replacements carried over from the cutbacks of the preceding years, the general prospects seemed good.

Shiloh Spinners: Mr. Edmund Gartside told shareholders the group was "cautiously optimistic" about the future. "With the reorganisation and re-equipment that has taken place during the last three years the group is well placed to take advantage of any improved trading conditions when they materialise," said Mr. Gartside.

Press Association: Mr. C. N. D. Cole, chairman, said the much needed recovery in finances had continued in 1977.

Although losses on the news service were substantial at £405,000, continued development of other revenues and attention to cost control had enabled the group to achieve a net surplus. The improved financial reserves helped to provide greater stability.

At a meeting of directors immediately after the AGM Mr. Ian Grahame Park, managing director and editor-in-chief of the Liverpool Daily Post and Echo, was elected chairman.

# J. T. Parrish drops to £51,770

Despite a rise in turnover from £3.13m to £3.38m, pre-tax profits of J. T. Parrish, the department store and property development concern, fell from £110,903 to £51,770 for the year to January 28 1978 with £19,300, against £35,000, coming in the first half.

After tax of £24,342 (£60,257) full year earnings are shown at 3.81p (7.03p) per 25p share. The dividend is held at 3.835p net.

Excess costs of £93,871 over the estimated net realisable value of properties of the subsidiary have been written off to profit and loss account.

# NEI forms mining tools offshoot

Northern Engineering Industries is to form a new business to develop sales of mining and mineral processing equipment. This move follows the recent acquisition of Baldwin and Francis and continues the strengthening of the group's interest in the mining equipment sector.

To be named NEI Mining Equipment, this new unit will provide package deals involving the supply of plant manufactured by various NEI companies for mining and mineral processing industries.



## LEGAL NOTICES

In the Matter of ALEXANDRA ROAD HOLDINGS LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 7th day of July, 1978, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned RICHARD EAGLESFIELD FLOYD, Chartered Accountant, of 1 Clifford's Inn, Fetter Lane, London EC4A 1AB, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

DATED this 5th day of June 1978.

R. E. FLOYD, Liquidator.

Solicitor for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or if posted must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 7th day of July 1978.

## COMPANY NOTICES

Notice of Redemption

BANQUE EXTERIEURE D'ALGERIE

8¾% 1972-1984—$US25,000,000

Holders of the above mentioned issue are hereby informed that the annual redemption instalment amounting to $U.S.1,875,000 has been satisfied partially by repurchase in the market of $U.S.1,320,000 and partially by drawing by lot of the remaining amount of $U.S.555,000.

The following bonds have been drawn on 31st May, 1978 at the offices of Banque Internationale à Luxembourg S.A. in the presence of a notary public:

numbers 17980 to 18534 inclusive.

The bonds so drawn will be redeemable at par on and after 1st August, 1978 and have to be presented for payment with all unmatured coupons attached.

After the redemption of 1st August, 1978 the amount of bonds outstanding will be $U.S.17,500,000.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Trustee

Luxembourg,
12th June, 1978.

JAPANESE GOVERNMENT STERLING LOANS

The Bank of Tokyo, Limited, are instructed by the Japanese Government to announce that Coupon No. 29 due 30th June, 1978 from Bonds of the JAPANESE GOVERNMENT 6% LOAN 1983/88 will be paid on and after 30th June, 1978.

They should be presented for payment at The Bank of Tokyo, Limited 20/24 Moorgate, London EC2R 6DH, listed on the forms provided between the hours of 10.00 a.m. and 2 p.m. They must be left at least five clear days for examination prior to payment.

In accordance with the Exchange Control Act, 1947, coupons can only be accepted from and paid to an Authorised Depositary.

Coupons cannot be accepted through the post.

For THE BANK OF TOKYO LIMITED
S. Tanaka,
Director and General Manager,
London Office.

15th June 1978.

Invitation of the Shareholders of the HELLENIC SHIP AND AIRCRAFT INSURANCE COMPANY S.A. to the Ordinary General Assembly

HELLENIC SHIP AND AIRCRAFT INSURANCE COMPANY S.A.

In accordance with the Articles of Association No. 27 and 30, the Shareholders of the "HELLENIC SHIP AND AIRCRAFT INSURANCE COMPANY S.A." are invited to the Ordinary General Meeting which will be held on Wednesday, June 28th, 1978 at 12.00 hours at the premises of our Head Office in 24, Stadiou Street (1st Floor).

Any Shareholder wishing to attend the General Meeting must deposit his shares at the latest 5 days prior to the above mentioned date of the Meeting as follows:

In Greece, with the Company's Cashier or with the Consignment Deposits and Loans Fund or with any Bank in Greece, and;

Abroad, with any one of the recognised foreign Banks.

The Agenda of the General Meeting has been set forth as hereafter:

1) Report of the Board of Directors on the Company's activities during the thirteenth year of accounts 1977 and Balance-Sheet as at the 31st December 1977.
2) Auditors' report on the Balance-Sheet as at 31st December, 1977.
3) Approval of the 1977 administration as well as of the Balance-Sheet at at 31st December 1977, and of the disposal of profits.

Athens
31st May 1978

MAKITA ELECTRIC WORKS LTD. (CDRS)

The undersigned announces that as from June 23 1978 at Kas-Associatie NV, Spuistraat 172 Amsterdam DIVCPNO 16 (accompanied by an affidavit) of the Cdrs Makita Electric Works Ltd will be payable with Dfls 2.15 net per Cdr repr 50 shs and Dfls 42.60 per Cdr repr 1000 shs (div per record-date 2.20.78 gross Yen 5.- p.sh.) after deduction of 15 pct Japanese tax = Yen 37.50 = Dfls -.37 per Cdr repr 50 shs and Yen 750.- = Dfls 7.40 per Cdr repr 1000 shs. Without an affidavit 20 pct Jap tax (= Yen 50.- = Dfls -.50 per Cdr repr 50 shs and Yen 1000.- = Dfls 10.- per Cdr repr 1000 shs) will be deducted.

After 9.20.78 the div will only be paid under deduction of 20 pct Jap tax with Dfls 2.- net per Cdr repr 50 shs and with Dfls 40.- net per Cdr repr 1000 shs in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITARY COMPANY NV

Amsterdam
June 9 1978

## PUBLIC NOTICES

BURNLEY BOROUGH COUNCIL

£375,000 issued 14th June 1978 due on 13th September 1978 at an average rate of 9 [illegible]% p.a. Applications totalled £2,250,000. These are the only bills outstanding.

SUFFOLK COUNTY COUNCIL

£2,000,000 issued 13th June 1978 due 12th September 1978 at an average rate of 9⅝% p.a. Applications totalled £22,530,000. Total outstanding £5,000,000.

THE CITY OF EDINBURGH DISTRICT COUNCIL

£500,000 issued 13th June 1978 due 12th September 1978 at a rate of 9 [illegible]%. Applications totalled £4m. Total Bills outstanding £3.5m.

BIRMINGHAM COUNCIL BILLS

The £6m ninety one day Bills were issued on the 15th June with maturity on the 14th September 1978. Applications totalled £56.5m. The minimum price accepted was £97.68. The average rate of discount was 9.3054959%. The total Bills outstanding is £20m.

## PERSONAL

# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NORTH AMERICAN NEWS

### Good third quarter for Dana

NEW YORK, June 14.

NET INCOME of the U.S. automotive components manufacturer Dana Corporation for the third quarter ended May 31 rose from $30.6m or $1.03 a share to $39m or $1.22 a share. Sales rose from $497m to $612m.

For the nine months, net income increased from $78.6m or $2.65 a share to $98.2m or $3.09 a share. Sales for the period were $1.66bn against $1.32bn.

The quarterly dividend has been increased from 32 cents a share to 33 cents, payable on September 15 to shareholders of record on August 29.
Reuter

### General Tire reverse

General Tire and Rubber Company experienced a rise in demand for tyres and plastic products in the second quarter ended May 31, but profits for the first half were lower than a year earlier, according to Mr. M. G. O'Neil, president, AP-DJ reports from Akron.

Mr. O'Neil said that the company, a subsidiary of RKO General Incorporated, continues to show higher earnings than a year ago, but combined tyre, plastics and industrial products profits were down for the first half, as were earnings of Aerojet-General Corporation, another subsidiary.

As previously reported net for the February 28 first quarter fell 14 per cent to $18.7m or 82 cents a share from $21.8m or 96 cents a share

### Emhart forecasts rise

The diversified holding company, Emhart Corporation continues to record large earnings gains as a result of strong foreign business and improving domestic operations, according to Mr. T. Mitchell Ford, chairman and president, AP-DJ reports from Cleveland. The improvement in second quarter earnings is expected to approach the first quarter rate of 27 per cent. In 1977's second quarter, Emhart earned $15.6m. or $1.31 a share fully diluted on revenues of $312.9m. The 1978 first quarter net income was $15.6m. or $1.30 a share fully diluted, up from $11.8m or $1.02 a share a year earlier. Revenue rose 8 per cent to $316.3m from $292m.

### APL pursues offer

APL is to pursue its proposed exchange offer for 52 per cent of the common stock of Pabst Brewing by seeking a Federal Court declaration that the offer could proceed in states other than Wisconsin and Arkansas, AP-DJ reports from Great Neck. APL filed its action in the southern district of New York contesting the constitutionally of out-of-state application of the Wisconsin and Arkansas State takeover statutes. In a recent decision the Securities Commissioner of Wisconsin had ordered APL not to proceed with its proposed offer forPabst in Wisconsin or elsewhere.

### Hughes Tool record

Mr. James R. Lesch, president of Hughes Tool, said earnings to be reported for the second quarter ending June 30 will exceed the 89 cents a share reported a year ago, AP-DJ reports from Rochester. They will be record earnings, he added, but he declined to forecast a specific figure.

### Hudson's Bay Oil

Hudson's Bay Oil and Gas Company has declared a 40 per cent share dividend on common shares, for the second quarter of 1978, payable July 28. The quarterly dividend of 62.5 cents per share on the preferred shares series A has also been declared for payment July 15.

## Canadian moves in Husky Oil tussle

BY ROBERT GIBBENS

MONTREAL, June 14.

THERE IS a strong possibility that Alberta Gas Trunk Line (AGTL), the largest gas transmission firm in Alberta, and PanCanadian Petroleum, the oil and gas arm of the Canadian Pacific group, are taking an active part in the tussle for control of Husky Oil, of Calgary.

Mr. Robert Blair, known as "the man who won the Alaska Highway pipeline," heads AGTL and has confirmed his company have bought about 4 per cent of Husky's outstanding 11m shares in the open market since January.

He said in Calgary that AGTL is "considering several options" and a bid for Husky, together with other Canadian petroleum companies, "is one of the possibilities."

But AGTL has not resumed its open market acquisition of Husky stock since trading resumed on Tuesday at around C$47 to C$48 a share. The price today slipped back slightly to around C$46.

The head of PanCanadian Petroleum is Mr. John Taylor, one of Canada's less known oilmen. PanCanadian is a large oil and gas producer and holds extensive exploration land in Western Canada. Mr. Taylor is known to have been having talks with Federal officials in Ottawa in the past two days, but no details have been disclosed.

On Monday, Petro-Canada, the national oil company, bid C$45 a share for the outstanding Husky shares. *Immediately, Occidental* Petroleum Corporation of Los Angeles came back with a share exchange offer worth around U.S.$460m, which was accepted by the Husky management.

About 65 per cent of Husky's shares are held in the U.S. Husky is controlled by the Husky oil Group of Cody, Wyoming.

Later, Occidental played its strongest card by proposing a joint development project with Petro-Canada and the Government's of Alberta and Saskatchewan for development of the heavy oil deposits in the Lloydminster area of S.W. Saskatchewan. This was designed to forestall arguments in Ottawa that the Occidental bid for Husky would not bring "significant benefit" to Canada under the rules of the Foreign Investment Review Act.

The position now is that Petro-Canada, with the backing of Ottawa, could come back with a higher offer for Husky shares or that a consortium of Canadian companies, possibly including AGTL and Pan Canadian (with or without Petro-Canada) could make that higher offer. The atmosphere in Ottawa is against the Occidental bid. A number of foreign bids for Canadian producing oil compaines have been turned down under the FIRA Act especially when Canadian-owned bidders were on hand. One Occidental bid was rejected earlier this year.

The objective in Ottawa has been to reduce the 90 per cent foreign control of the Canadian oil industry without appearing to be specifically anti-U.S. or to freeze out international funds from programmes to develop long term oil supplies.

Sentiment in Alberta has been less strong but Mr. Blair of AGTL who was mainly instrumental in getting the Alaska Highway pipeline route chosen rather than the Mackenzie Valley route which was backed by the big international oil companies, is known to favour gradual steps towards greater Canadian control.

*There are two groups proposing* to develop the heavy oil reserves of Saskatchewan and South East Alberta. One led by Husky plans an upgrading plant with a price tag of around C$500m. But there have been long delays in getting either project on the road.

Pressure has been mounting to get the reserves developed both for the Canadian market and for export to Northern Tier American refineries. The task would be simpler and less costly than embarking on the third Alberta Tar Sands mining operation at a cost of C$4bn.

## Kaiser sees more price rises

NEW YORK, June 14.

KAISER ALUMINIUM and Chemical Corporation expects continued strong aluminium demand for the balance of the year, higher overall profits for 1978, and sees further price increases on fabricated products before the year-end, according to Mr. Cornell C. Maier, the president.

Mr. Maier said the company will have higher 1978 second quarter aluminium shipments and that year shipments will exceed the 6.67m tons of 1978. As a result, second quarter earnings should exceed the $2.01 a share earned in 1977 and year earnings should be more than $6 a share, against $5.53 for 1977.

Kaiser, the third largest U.S. aluminium producer, has already a 1978 first quarter net of $1.20 a share, compared with $1.18 in 1977.

Mr. William Hobbs, vice-president and treasurer, said that based on April and May figures, Kaiser would probably record a slight currency translation gain compared with a loss of $6.1m, or 31 cents a share in the 1978 first quarter.

Mr. Maier believed there would be additional price increases on most fabricated product lines before the year-end. Although he would not estimate the size, he did say the increases would probably be smaller than those made earlier this year.

Earlier this week the company said it would raise prices on flat rolled automotive bumper stock by 4 to 6 cents a pound and prices on auto body stock by 12 to 13 cents, effective July 1.

The company also raised its aluminium ingot price by 4 cents a pound to 57 cents, effective June 1. Kaiser's other competitors, however, have not raised their ingot prices.

Mr. Maier said he believes Kaiser's price increase is justified and he is willing to hold ingot prices at that level "as long as the market stays strong."
Reuter

## New casino lifts Resorts International

By David Lascelles

NEW YORK, June 14.

RESORTS INTERNATIONAL, the Miami company which opened the first U.S. casino outside Nevada in Atlantic City, New Jersey, last month, expects "sharply higher net income" this year because of it.

In an interview with Dow Jones, Mr. James Crosby, the company's chairman, said the casino's "net win" was holding up at about $438,000 a day. This represents the casino's gains at the gambling tables and slot machines before operating costs and other expenses.

According to Mr. Crosby, this came close to expectations, but he declined to calculate what the win would work out at on an annual basis because of expected seasonal fluctuations. However, he said the company's results this year would exceed last year's net income of $3m or 94 cents a share.

About half the net win is currently coming from slot machines, which Mr. Crosby said was unexpected, since the share was closer to 25 per cent at the company's other casinos in the Bahamas.

Despite this higher income, though, Resorts does not plan to start paying cash dividends. Instead, profits will continue to be ploughed back into expansion. Mr. Crosby added that the company is not considering an equity offering but may issue $20-30m worth of bonds this year or early next to finance capital spending.

Resorts plans to extend its *casino floor space by 60 per* cent this Friday, provided it gets permission, and Mr. Crosby believes that his company is so far ahead of the field that it will be autumn 1979 before any competition opens its doors.

## Heinz expects peak $100m this year

PITTSBURGH, June 14.

DESPITE "fierce" and growing competition in its markets, H. J. Heinz expects to report that sales and earnings in the fiscal fourth quarter ended May 3 rose by about 17 per cent from the comparable period and that also to report record results for the whole of fiscal 1978, Mr. Burt Gookin, vice-chairman and chief executive officer, told reporters.

Mr. Gookin estimated that Heinz will report net income for the fourth quarter "in excess" of $35m, or between $1.54 and $1.57 a share, compared with $31.3m, or $1.34, a year earlier. Sales should increase to around $614m from $526.5m. The latest fourth quarter net includes unrealised currency translation gains of between $8m and $9m *compared with a year-earlier* currency loss of about $500,000.

For the full year the food processor expects earnings to increase between 19 per cent and 20 per cent from the previous $83.8m, indicating final net of between $99.7m and $100.5m, or between $4.32 and $4.26 a share. Included in the latest full year are unrealised *currency translation* gains "in excess" of $10m.

The latest fourth quarter and full-year net include a non-recurring charge "in excess of $6m" for the closing and relocation of certain domestic and foreign facilities.

Consolidated sales for fiscal 1978 rose about 15 per cent to about $2.14bn from the year-earlier $1.87bn.
AP-DJ

Mr. Gookin said Heinz was particularly pleased with its record full year performance in the face of "substantial" competition in its food markets, especially frozen foods, pickles, Tuna and ketchup.

To combat competition, Heinz increased its marketing expenditures during the year by 44 per cent to a record $120m, equal to about 10 per cent of sales. The sharply-increased outlay was *used to introduce new products* and increase market share of existing product lines.

Despite widely-publicised accounts of the ongoing marketing battles with Campbell Soup, however, Heinz stressed that its marketing effort was not directed against any single competitor. Nonetheless, it is clear the competition with Campbell is intensifying and some analysts believe it could result in price discounting and eventually lower profit margins for both companies in the *markets in which they* compete.

## Plan to consolidate control at Argus

BY OUR OWN CORRESPONDENT

MONTREAL, June 14.

A consolidation of control of the large Toronto-based holding company Argus Corporation—which owns Massey-Ferguson, among other large Canadian companies—seems to be aimed primarily at fending off any further possible incursions by the Montreal-based Power Corporation of Canada Group.

A bid by Power Corporation, an equally large holding company controlling interests in transporation, pulp, paper and financial services, led to the formation of the Royal Commission of Corporate Concentration two years ago. The bid fell short of getting voting control of Argus Corporation, but the Power Corporation. Chairman, Mr. Paul Desmarais has about 25 per cent of the Argus voting stock and a larger percentage of the non-voting preferred.

The voting control of Argus, founded by a group of friends led by Financier Mr. E. P. Taylor in the fifties, rests in the hands of Ravelston Corporation, a private company in turn controlled by several prominent Toronto families including the Meighens.

Mr. Conrad Black and his family—he is an Argus director, through his private company Western Dominion Investment—owns 22.4 per cent of Ravelston, while the Meighen family trusts hold 26.5 per cent.

Now Mr. Black says he will use a compulsory sale agreement set up by the principal shareholders of Ravelston in 1968 to buy in all the Ravelston shares of the Meighen group within six months. Under this agreement, shares of any one of the Ravelston controlling groups reportedly must be offered to the others for purchase and not to outsiders.

● AP-DJ adds from Toronto: Financial observers here say that the development portends a change in the aging and, some say, overly conservative management that has ruled Argus since it was formed.

"Argus has been run by old people too long. Times have changed and they've *stood still*," said one source. The change "should make Argus a little more aggressive, and there's lots of room to do it." the source, who asked for anonymity, added.

The Argus empire was controlled almost single-handedly by Mr. John A. (Bud) McDougald, until his death earlier this year.

The Black family company is in a position to force the transaction because the estates of two former Argus executives, which together hold 47.2 per cent of Ravelston, are supporting Mr. Black's interests. The estates are those of Mr. W. E. Phillips, who died several years ago, and Mr. McDougald. No price has been set on the transaction.

## Atlantic City casino suit

NEW YORK, June 14.

THE Atlantic City investment group, Regency Hotel Corporation, claims that it paid almost $1.5m in security deposits to lease the Howard Johnson Regency Hotel in the city from its owner, Jemm Company. It was announced yesterday that one of the largest gambling concerns in the U.S., Caesar's World, which operates the Caesar's Palace casino in Las Vegas, had taken a long term lease on the hotel, with a purchase option.

Regency Hotel is suing Jemm for reinstatement of its lease. A New Jersey court last week denied a motion for a preliminary injunction seeking to block the execution of the lease with Caesar's.

The investment group also claims that it spent more than $800,000 in planning a casino project for the hotel. When it encountered problems in raising all the financing for the deal, Jemm terminated the lease and ordered the group off the hotel premises, it says.
Agencies

## Medical group moves ahead

NEW YORK, June 14.

AMERICAN Medical International net income for the third quarter ended May 31 moved ahead from $3.5m or 56 cents a share to $5m or 74 cents a share, on sales higher at $109.8m against $90m. This result lifted nine months net income from $9.5m or $1.52 a share to $13.6m or $2.04 a share. Sales for the nine months period advanced from $253.2m to $310.7m.

Meanwhile, Ampex Corporation today reported an advance in net operating income for the fourth quarter to April 29 from $3.26m or 30 cents a share to $4.18m or 37 cents a share. Sales revenues moved ahead from $78.2m to $87.8m. There was a tax credit this year of $814,000 or 7 cents a share, making the final fourth quarter net income figure $1.99m or 44 cents a share. *A tax credit of $2.6m or 24 cents* a share lifted last year's fourth quarter net income to $5.85m or 54 cents a share.

Scott Foresman and Co., the textbooks concern, reported an increase in per share earnings for the year ended April 30, from $3.01 to $3.99, while the linen, chemicals and lighting company National Service Industries reported a modest increase in earnings for the third quarter to May 31, with earnings per share up from 50 cents to 62 cents.
Agencies

## Restructure call by Hidro Nitro in PUK dispute

BY ROBERT GRAHAM

MADRID, June 14.

A DISPUTE over the past six months between the French group Pechiney Ugine Kuhlman and a Spanish chemical concern, Hidro Nitro Espanola, in which PUK has a 40 per cent shareholding, is becoming increasingly bitter as Spanish shareholders seek to break the French company's control.

Sr. Juan Miguel Villar Mir, re-elected on April 22 as Hidro Nitro's chairman against PUK's wishes, is currently seeking to have the company reclassified. He is pressing the Ministries of Industry and Commerce to treat Hidro Nitro as a utility, and not as a chemical-industrial group. This would permit the anti-PUK shareholders to invoke Articles of the 1974 law on foreign investment that limit foreign equity in utilities to 25 per cent.

Sr. Villar Mir is arguing that Hidro Nitro can be accepted as a utility since it is involved in hydro-electricity generation. However, in terms of sales the major area of activity is chemicals especially ferro-manganese and manganese silicate. Production of the former was one of the main reasons why Puk originally came in providing both capital and technology. The company is also a significant cement producer.

Differences between PUK's Board representatives and supporters of Sr. Villar Mir, who has been running the company for some ten years, have been apparent for some time. Last year Hidro Nitro experienced a cut back in net cash flow from Pta 316m to Pta 271m ($3.3m) in part due to depressed international ferro-manganese demands. These results accentuated differences over marketing strategy, interpretation of agreements on third country sales and investment strategy.

At the beginning of March this year the company's annual meeting failed to agree on any of the issues on the Agenda. Then on April 22 a second annual meeting ended in uproar with PUK refusing to approve the 1977 accounts in protest at Sr. Villar Mir managing to be re-elected as chairman—despite the fact that PUK together with its supporters had obtained 51 per cent of the vote.

Sr. Villar Mir invoked a previously unused legal device governing relations between Spanish companies and foreign partners. According to this regulation, foreign partners can be prevented from intervening to nominate Board members of their choice.

Since then contacts between PUK representatives and supporters of Sr Villar Mir have failed to resolve their differences and the question of accounting approval remain unresolved. However, a 50 per cent capital increase has been approved and this has served to fuel the management power play.

Sr. Villar Mir is attempting to prevent PUK from subscribing to the capital increase. Today PUK published a statement in all the daily papers saying: "Because certain board members of Hidro Nitro Espanola are illegally seeking to prevent PUK from exercising its right as a preferred shareholder, PUK warns bona fide third persons that they may be offered shares which are the exclusive property of PUK."

The statement goes on to suggest that legal action had already been taken to ensure PUK could subscribe and warned of action against anyone who bought such shares.

## VAW suffers from DM advance

BY ADRIAN DICKS

DUESSELDORF, June 14.

THE LEADING West German-based producer of aluminium, Vereinigte - Aluminium - Werke, expects a slow improvement in the world market for the metal by the early 1980s, but has been operating so far this year at a heavy loss because of the Deutschemark's appreciation against the dollar, chairman Herr Rudolf Escherich said here today.

Each increase in the German currency's dollar parity represented a DM 4m a year loss ot VAW, Herr Escherich said. In addition, the heavy overhang of stocks had pushed down prices to the point that the company is losing about DM 0.30 per kilo on aluminium, at market prices averaging 20 per cent below the company's list prices. As a result of the currency pressure, he said that West Germany had now become a "marginal producer" of *aluminium, with German* refiners unable fully to cover costs.

VAW is also having to contend with a 50 per cent increase in electricity tariffs, following the expiry of concessionary 10-year agreements at the end of 1977. Because of this and the fall in the dollar, the company is resigned to making a loss in 1978, following the DM 10m ($4.8m) operating profit earned in 1977.

However, he emphasised that the aluminium industry's situation was by no means as bad as that of the rest of the non-ferrous metals sector or that of the steel industry. Capacity in Germany was almost fully utilised, while by 1980 it would be virtually filled everywhere in the world.

For the future, VAW is interested in expanding its overseas activities both as a fabricator and as a producer of primary aluminium. The U.S. market remained the most attractive prospect for the former, with the added lure that an increasing number of German companies with which VAW does business at home are now *moving* there.

Herr Escherich confirmed that VAW's plans to enter a joint smelter project in Norway had been postponed, but said it remained interested in prospects in countries with long-term cheap energy supplies such as Brazil. Yet, at a capital cost of over DM 10,000 per ton of metal produced, the establishment of a *new aluminium smelter* was a much more costly proposotion than that of a steelworks, with a much more elaborate infrastructural requirement.

VAW's results weighed heavily on those of its parent, the Government-owned holding company Vereinigte Industrie Unternehmingen AG (VIAG), whose other interests include electrical utilities, coal mines and chemicals. However, VIAG earned a DM 53m ($25.5m) profit last year and is once again paying a DM 22m (5 per cent on capital) dividend to the Federal Government.

## ESTEL to reduce loss

BY GUY HAWTIN

FRANKFURT, June 14.

ESTEL, the steel concern which groups West Germany's Hoesch and Hoogovens of Holland, can look forward to a marked improvement in its results this year.

*Expressing the brighter view* of steel industry prospects that has recently emerged, Herr Heinz Solbach, chairman of the German company, told the annual meeting he was optimistic about progress in 1978.

But the steelmaking and processing concern was unlikely to move all the way back into profit this year. "Our hopes rest on 1979," he said.

There is still no sign of a resumption of the dividend and shareholders were told not to *expect one for 1978. They were* assured, however, that the annual payment would be made "as soon as the business situation permits it."

In the first quarter of 1978, the Hoesch-Huettenwerke subsidiary reported a continued loss, although in April figures were *near break-even point. But it* was still too early to forecast what the next few months would bring, said Herr Solbach.

In any event, it looked as though there would be particular difficulties in the third quarter as a result of the summer holiday period. Rolled steel production in the first four months of the year was 5 per cent up on the comparable period of 1977.

There had been cutbacks in employment in individual areas of the steel processing sector at the end of last year, but the present business level was enabling this to be built up again. In the trading sector, there had been a welcome upturn in sales.

## EUROBONDS

### Optimism for Baker terms

By Francis Ghilès

THE MARKET had another very quiet day with prices *holding* steady, essentially because there was no turnover and most professionals are very short of stock.

In view of the very good book for the Baker International Finance convertible, the terms are expected to be improved before the bond is priced.

The Swiss Franc sector is also very dull at present. Oy Nokia has been priced at par with terms otherwise unchanged. Two bonds are expected soon: SwFr100m for Voest Alpine which will be managed by Credit Suisse and a SwFr80m for Finland which will be managed by Swiss Bank Corporation.

## Spanish bank lifts deposits

By David Gardner

BARCELONA, June 14.

BANCO ATLANTICO, the largest Barcelona-based bank and ranked eleventh in the national banking league table, made a profit of Pta854m ($10.7m) in 1977, against Pta850m in 1976, and boosted its deposits by 17 per cent to Pta76.3bn, of which nearly 1 0per cent was in foreign currency. Capital and reserves now stand at Pta6.6bn while the bank has increased the number of its branches from 90 to 112, approximately a quarter of which are in Catalonia, with the rest covering most of Spain.

Atlantico last year became the majority shareholder in the Banco Comercial de Catalunya, operating almost exclusively in Catalonia, with 35 branches and some Pta 11bn in deposits. In addition, Atlantico holds 50 per cent of the equity of the insurance company Fenix Peninsular, 25 per cent of interleasing SA, 60 per cent of Bank Atlantico Zurich, and 50 per cent of the Panama-based Banco de Ebiroamerica SA. It has a 3.3 per cent holding in the Banco Arabe Espanol (Aresbank).

The main owner of Atlantico is the Madrid-based Rumasa group whose chairman, Sr. Jose Maria Ruiz-Mateos, has recently been made vice-president of the bank's Board.

Rumasa officially admits to holding 27 per cent of the Atlantico equity, but is now believed to hold a comfortable majority, without yet incorporating either Atlantico or comercial de Catalunya into its banking group.

Continental Illinois owned 13 per cent but has now reduced its holding

## Messerschmidt stake

MESSERSCHMIDT - BOELKOW-BLOHM is to take a 35 per cent share in a new aerospace company to be formed in Iran, AP-DJ reports from Munich. Total investment in the new concern is around DM 2m ($1m). Other participants are an Iranian group led by the State Energy Company, the Iranian Industrial Development Organisation and the University of the Iranian Army.

# INTERNATIONAL FINANCIAL AND COMPANY NEWS

ELF-AQUITAINE

## A call for Government protection

BY DAVID CURRY

PARIS, June 14.

THE 70 per cent state-owned oil group Elf-Aquitaine managed to improve its overall financial performance last year despite a near-disastrous deterioration in the situation of its refining operations.

Chairman M. Albin Chalandon again went out his way yesterday to underline that unless the French Government reinforces the protection given to French companies in the refining sector the group's "vocation" as one of the country's leading instruments of oil exploration will be compromised.

The immediate prospects for the group are for a significant increase in its control of recoverable reserves of oil and gas (it estimates that recent discoveries of some 16m tonnes of crude and some 29bn cubic metres of gas are recoverable in the short-term), a fairly spectacular increase in cash-flow, and a more sluggish growth in profits because of the characteristics of financing oil operations.

The group's stake in the North Sea (it controls 52 per cent of Frigg and 8.1 per cent of Ekofisk) is expected to be translated into an extra FFr 1bn in cash-flow in 1978, FFr 2bn in 1979 and FFr 2.5bn in 1980.

Last year also saw the group's diversification programme move forward with the acquisition of the fine chemical group Rousselot via the joint Ato-Chimie subsidiary with Total (Rousselot chipped in FFr 1.44bn turnover and FFr 40.2m profits to the group in 1977) and the acquisition of MT Chemicals in the U.S. from American Can. However,

CONSOLIDATED RESULTS IN MILLIONS OF FRANCS

| | 1977 | 1976 |
|---|---|---|
| Turnover | 38,107 | 33,556 |
| Financial charges | 1,494 | 1,258 |
| Operating cash-flow | 5,095 | 4,740 |
| Net profit | 1,742 | 1,538 |
| Attributable profit | 1,764 | 1,430 |
| Medium and long debt | 14,554 | 11,903 |
| Capital spending | 8,666 | 8,944 |

this year will see the company pause for digestion.

An examination of the cash-flow and profits per sector illustrate painfully the problems of the refining and marketing sector. The group has not only substantial over-capacity in refining but is operating an expensive and loss-making fleet.

Exploration and production generated FFr 5.1bn of cash-flow in 1977 and almost FFr 2.4bn of net profits. Refining and distribution recorded a negative cash-flow of FFr 349m and a loss of FFr 941m, in each case significantly worse than the FFr 76m negative cash-flow and FFr 562m deficit of 1976.

The group reckons that its losses here are about FFr 20 per tonne of refined products sold. It has closed down one elderly refinery at Ambes saving some FFr 45m in costs and it is relying on its new catalyctic cracker at Grandpuits to transform some 1m tonnes of crude annually into higher value products.

The chemicals, health and hygiene divisions made a FFr 155m contribution to cash-flow and FFr 29m to profits.

Another black spot for the group is the plastics field. Atochimie closed its accounts at zero on a turnover of FFr 3.36bn. The group's sulphur activities—it accounts for an eighth of free world production, have been helped by some increase in prices.

The group's 50 per cent subsidiary Le Nickel also had an unhappy year because of depressed world prices, the misfortune of incurring its costs in francs and income in dollars, and accumulating stocks. It lost FFr 68m last year.

Last year the group produced 18.7m tonnes of crude of which more than two-thirds came from the Gulf of Guinea. Its output of commercial gas reached 11.8bn cubic metres, 65 per cent of which was won in France.

Investments in exploration represented some 17 per cent of the total last year. With the development of installations and production taking nearly 48 per cent or FFr 4.14bn. Refining and distribution was the other main claimant on investment taking FFr 1.318bn or 15 per cent.

The exploratory budget is sharply up this year with Africa, including the Gulf of Guinea, and the Cameroons, claiming a substantial commitment of funds. Development expenses are likely to be lower than last year because of the completion of substantial projects like Frigg.

## Chrysler Australia loan conversion

By James Forth

SYDNEY, June 14.

CHRYSLER AUSTRALIA is increasing its working capital by converting a U.S.$15m loan (about A$13m) from its U.S. parent into equity capital.

The loan was arranged recently and it was stated at the time that it would be converted into equity. The U.S. parent, which also pumped in another U.S.$9.1m, into equity last October, indicated that further subordinated loans will be made if considered necessary. The support from the parent company follows a A$25.7m loss by the Australian offshoot in 1977.

The conversion will be achieved through a one-for-two issue of ordinary and A ordinary shares at A$1.00 each. It will involve the allotment of 11.24m ordinary shares and 1.99m A ordinary shares. The U.S. parent owns 97.74 per cent of Chrysler Australia's ordinary capital.

## Acme sold by TNT

By Our Own Correspondent

SYDNEY, June 14.

Thomas Nationwide Transport, the international transport group, has sold its troublesome U.S. freight forwarding subsidiary, Acme Fast Freight Inc. for U.S.$1.2m, subject to adjustment following the preparation of Acme's balance sheet, to an unnamed buyer.

TNT has been interested in disposing of Acme for some time. The U.S. company was acquired in 1973 and at the time was unprofitable and had run up heavy losses. TNT paid no consideration for Acme but took over the losses.

Acme reportedly earned a small trading profit in 1974-75 followed by a profit of U.S.$700,000 in 1976.

However, last year it was discovered that profits in prior years had been overstated by A$2.2m (US$2.5m).

Acme is one of the largest freight forwarders in the U.S. It holds operating rights over the mainland states as well as Alaska and Hawaii.

## Bankruptcies in Japan

TOKYO, June 14.

JAPANESE bankruptcies in May rose to 1,363 from 1,342 in April, but were down from 1,652 in May last year, the Tokyo Commerce and Industry Research Company said.

The company which provides the figures used by the Bank of Japan for its bankruptcy statistics said that debts involved in May fell to Y194bn ($880m) from Y235bn in April and a record Y355bn in May last year.

## Bleak outlook for Sony after half-year setback

BY CHARLES SMITH

TOKYO, June 14.

SONY CORPORATION'S consolidated net income fell 41.1 per cent to Y12.1bn ($55.5m) in the six months ending April 30, compared with the same period a year earlier, the company announced today.

The decline is put down to the impact of "negative forces arising from the unstable climate of the world economy." The main blame seems to rest with the yen revaluatiton which affected the value of Sony's overseas sales while domestic costs continued to rise.

Sony's overall sales increased during the six months, reaching Y255.3bn ($1.12bn), up 3.8 per cent over the previous year's level. Overseas sales, in terms of yen, showed a fall of 0.4 per cent, which Sony stressed would not have occurred but for yen revaluation. If the yen had held steady against the dollar during the 12 months up to the end of April, the value of sales would have been substantially up in yen terms, Sony says.

Sony points out that its results for the second quarter of the six-month period under review are better than those for the first half. Profits in the three months to April 30 were down 31.8 per cent from a year ago (to Y6.7bn) whereas the profit figure for the October to January period had shown a fall of 49 per cent, to Y5.48bn. The company warns, however, that the "negative factors" influencing profits will continue through 1978 and thereafter.

The most positive part of Sony's half-year report deals with research and capital investment both of which, the company says, are being stepped up despite the deterioration in the short-term business prospects. Research spending is currently running at around 6 per cent of sales revenue while capital investment is up 20 per cent on a year ago. The company is still putting money into expanding its tape plant in Alabama (an additional $22m, following $45m already invested in the plant).

A breakdown of sales shows that sales of television sets fell by 3.2 per cent during the six month period although they still provide 30 per cent of Sony's turnover. Sales of video tape recorders which had been rising sharply up to the turn of last year slowed sharply in early 1978.

Sony attributes this rather disappointing result to poor American demand and to a temporary interruption in European sales of its professional VTR models caused by a change of chassis (which led prospective purchasers to delay buying old models). Both of these situations are claimed ot be temporary and Sony maintains its faith in VTR as the key to the future growth of consumer electronics sales.

Sony says that the group of companies producing the "Beta-Format" video tape recorders of which it was the original developer now account for about 50 per cent of total sales of VTRS; the other 50 per cent is accounted for by sales of VHS recorders pioneered by Japan Victor company (but also made by Matsushita and Hitachi, among others). During 1977 the Beta-Format market share was nearly 60 per cent, so that some deterioration in Sony's previously dominant position has apparently taken place.

## Receiver put into Cockpit Hotel

BY H. F. LEE

SINGAPORE, June 14.

COCKPIT HOTEL—one of Singapore's oldest and established hotels—has been put into receivership. Moscow Narodny Bank, which has issued a number of loans to Cockpit Hotel Pte., the owner and operator of the 280-room hotel, has appointed Mr. D. Brown of Turquand Youngs and Company as receiver.

The largest of the loans issued by the bank amounted to about S$50m (U.S.$21.4m). However, the company's outstanding liabilities including interest as at the time of the appointment of the receiver are believed to be in the region of S$55m.

The loans have been secured against several of the company's properties, including the hotel building and adjacent land, and properties in other parts of Singapore.

At the end of 1976, the company has a paid-up capital of S$10.27m and fixed assets, at 1973 valuation, of S$59.79m.

The company incurred an operating loss of S$623,376 (U.S.$266,400) in 1976, bringing total accumulated losses to S$1.97m.

Ironically, Cockpit Hotel has fallen into receivership at a time when Singapore's hotel industry is enjoying a boom. The hotel is believed to be currently enjoying a high occupancy rate.

Cockpit hotel is the third major Singapore hotel company to have fallen into receivership in recent years. The other two were Far Eastern Hotels Development, which owned the Singapore Hilton, and Imperial Securities which owned the Oberoi Imperial Hotel.

* * *

ROLLEI SINGAPORE has reported a 5 per cent increase in trading profit to S$15.3m (U.S.$6.5m) for 1977. Post tax profit was approximately S$14m.

Rollei Singapore's pioneer status tax incentives expired in February last year, and profits from March 1977 onwards were subject to tax.

The profit improvement was achieved in spite of a 2.6 per cent fall in turnover to S$114m (U.S.$49m). Of this total, only 1.2 per cent went to external customers while the remainder were accounted by inter-company transactions.

Rollei Singapore is owned 75 per cent by Norddeutsche Landesbank Girozentrale of Germany—the parent company of the Rolleiwerke, Granke and Heidecke camera group—and the remainder is held mainly by the Development Bank of Singapore.

The company last year paid a dividend of 23.28 per cent on its issued capital of S$58m, unchanged from the previous year's payment.

## Board changes at North Borneo Timbers

BY WONG SULONG

KUALA LUMPUR, June 14.

NORTH BORNEO TIMBERS has announced a major reorganisation of its Board following a sharp setback in its profits

Mr. Akbar Hydari will become NBT's non-executive chairman, in place of Mr. J. H. Glyn who will continue to be managing director.

Mr. Hydari is chairman of Wimco, the Indian subsidiary of the Swedish Match Company and vice-chairman of the Bombay Burmah Trading Corporation, which is a major shareholder of NBT.

Mr. John Wilson, a former senior general manager of Standard Chartered Bank, will be alternate to Mr. Hydari.

Two other directors, Mr. J. B. Gibbons and Mr. J. A. W Torrance have resigned, and Mr. P. E. Isserlis, who is one of the company's managing consultants, has joined the reconstituted seven-member Board.

NBT reports that its trading results for the year ending May were "disappointing," although it did not release any figures. For the first half, profits were a mere 455,000 ringgits (U.S.$190,000) compared with 12.24m ringgits

For the future, NBT says an early return to the high profit levels of the previous years is unlikely, and in view of this, it is cutting down its interim dividend from 8.5 per cent to 5 per cent. To improve its liquidity, NBT has sold off its entire holding in Harper Gilfillan and the Owens Group.

## Unions reject Manufrance aid plan

By David White

PARIS, June 14.

LABOUR reduction and reorganisation plans aimed at saving Manufrance, the financially troubled retail and small arms group, have been rejected by the main trade unions representing the company's 3,000 workers in Saint-Etienne.

The biggest of them, the CGT, has called for a 24-hour strike and demonstration tomorrow in protest against the plan, which involves making 334 workers redundant.

The strike call follows the Government's decision to offer Manufrance an advance of up to FFr 8m on a FFr 20m ($4.4m) loan conditionally earmarked for its recovery plan.

Although the Communist-led CGT is fighting the plan, which also means dividing the company into three separate manufacturing, retail and publishing divisions, the Communist mayor of Saint-Etienne, M. Joseph Sanguedolce, has changed his position and decided to support it. The municipality of Saint-Etienne is the main shareholder.

The mayor said it was a question of accepting the proposals drawn up by M. Francois Gadot-Clet, the recently-installed chairman, or facing bankruptcy.

This means that a fresh set of battle lines has been drawn between the unions on the one hand and on the other, the shareholders and the Government, whose offer of financial respite gives implicit backing to the reorganisation plan.

The other main unions, the left-wing CFDT and the usually moderate Force Ouvriere, also rejected the plan. Although the white-collar union, the CGC, has not yet come out one way or the other, the white-collar branch of the CGT attacked what it termed "an unacceptable ultimatum."

The authorities, it stated, were only agreeing to release loan funds bit by bit in order to force the unions to accept their conditions. These include the renegotiation of social benefits offered to employees.

## Volkswagen rights

THE STATE of Lower Saxony, which holds a 20 per cent share of Volkswagen will not subscribe to VW's planned DM 900m ($450m) rights issue, reports AP-DJ from Hanover. The state government will let the Volkswagen Foundation subscribe to its rights offer. A study has concluded that the state can keep its voting rights in the company by putting its rights participation into a trust arrangement.

## Conditions on Swedish pulp loan

BY WILLIAM DULLFORCE

STOCKHOLM, June 14.

NCB, the pulp and paper manufacturing group belonging to the North Swedish forest owners association, must reorganise its management before it receives the SKr 400m ($87m) state loan recently approved by parliament. Its owners must also commit themselves to NCB's continued existence.

These two conditions were among the recommendations submitted to the Ministry of Industry yesterday by the government committee investigating the forest owners' companies. It has hurried through its report on NCB's finances, because the company has to close its books by June 30.

Part of the report is being kept secret, but statements from the management indicate that after the heavy loss sustained in the past year, the company's cash holdings are very small, its equity has been eaten away and interest payments on its debts are in the SKr 175-180m a year bracket.

Foreign banks are understood to make up the majority of the company's creditors and to have exercised considerable influence on the committee's report. The committee in fact states that both Swedish and foreign banks have underlined the need for a change in NCB's top management.

In return for this, the committee now seems to expect creditors to agree to a moratorium in amortisation and interest payments. It underlines this point by noting that the SKr 400m state loan would not in itself be enough to save the company.

The committee specifically states that the combination of the posts of board chairman and chief executive must be abolished. Mr. Gunnar Hedlund, the former leader of the Centre Party, who has held both these posts, has already indicated his intention of resigning. The NCB board at its last meeting also decided that the share capital should be increased from Skr 72m to SKr 200m through a new share issue and a bonus issue

NCB's financial difficulties derive from the swift expansion it had undertaken just before the recession hit the Swedish forest industry and the collapse in the demand for pulp from western Europe, which was aggravated last year by the fall in pulp prices to a level below Swedish production costs.

## Arab currency unit trust

BY MARY CAMPBELL

A UNIT trust to specialise in investment in fixed interest securities denominated in Arab currencies has been launched in Jersey. The fund, called First European Arab Fund, has been launched by European Arab Bank, which is a London-based consortium bank owned mainly by Arab shareholders.

This is believed to be the first such trust to specialise in investments in these currencies. The establishment of open-ended trusts is impossible in the domestic markets of most of the countries concerned because of laws requiring the majority of capital to be owned by local residents.

In practice, most of the investments will, initialy at least, be made in Kuwaiti dinar issues, since issues in other Arab currencies have not been frequent. This mainly means Kuwaiti dinar Eurobond issues and issues of certificates of deposit denominated in Kuwaiti dinars. The yields currently available in these markets range from 6 to 9 per cent per annum.

The managers said yesterday that the Kuwaiti dinar has appreciated by an average of 2 to 3 per cent per annum against the dollar in recent years. Yields are current approaching 2 per cent below yields on dollar Eurobonds.

A key question on how much non-Gulf investors are interested in putting money into purchasing the units will be the extent to which they consider that the Kuwaiti dinar's rate of appreciation against the dollar will accelerate.

Subject to a minimum initial subscription of 50 shares (KD 515 or about $1,850), shares may be purchased in multiples of ten. European Arab Bank hopes that the launching of the fund will encourage the participation of smaller investors in a market which hitherto has been dominated by Middle East institutions.

## Dutch insurer taps holders

By Charles Batchelor

AMSTERDAM, June 14.

A RIGHTS issue on a one for ten basis is proposed by Nationale Nederlanden, the largest insurance company in Holland. Recent precedent for Dutch rights issues suggests that the company could be about to raise more than $50m.

This strengthening of its capital base is seen as desirable by Nederlanden which has been expanding rapidly in recent years. Group shareholders capital totalled Fls 1.76bn at the end of 1977 after a rise in net profits of 15 per cent to Fls 205.3m. Revenues during the year increased by an eighth to Fls 5.38bn.

The proposed rights involves the issue of 1.3m new shares at a price yet to be set. The recent rights offer from the smaller Dutch insurer Amev was pitched on an 18 per cent discount to market prices. A similar sort of discount for Nederladen suggests that the funding will raise around Fls 117m.

The warrants attached to the recent bond issue which now each give the right to 11.009 certificates of shares will have the right to 10 certificates. For the remainder the option exercise price will be applied. The new shares will rank for dividend from 1978.

* * *

Slavenburg's Bank will raise Fl 60m through the issue of a 10-year debenture. Coupon is 7¾ per cent. The issue will be redeemed at par in 10 more or less equal parts. Lists close a week today.

## Latin American $500m loans

BY FRANCIS GHILES

TWO MAJOR loans for Latin American borrowers have been confirmed. Panama is to raise a 10-year $300m loan through a group of banks led by Bank of America. Citicorp will run the books and the management group is currently being formed. Other terms are not yet known but the maturity is a sure sign Panama is getting much finer terms than when it last came to the market earlier this year (a spread of 1⅞ per cent for seven years).

Meanwhile the Brazilian Federal Highways Authority DNER is arranging a $200m loan through a group of banks led by Chemical Bank International. This loan comes in two tranches: $125m for ten years with five years' grace which carries a spread of 1⅞ per cent and a $75m for 12 years with six years' grace which carries a spread of 1⅞ per cent. This loan carries a sovereign guarantee.

The $100m loan for Acesita has been increased to $120m with conditions otherwise unchanged.

## SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

| STRAIGHTS | Bid | Offer |
|---|---|---|
| Alcan Australia 8½pc 1989 | 96½ | 97½ |
| AMEV 8pc 1987 | 96 | 96½ |
| Australia 8½pc 1992 | 93½ | 93¾ |
| Australian M. & S. 9½pc '92 | 96½ | 97½ |
| Barclays Bank 8½pc 1992 | 95½ | 96½ |
| Bowater 9½pc 1992 | 97½ | 98½ |
| Can. N. Railway 8½pc 1986 | 95½ | 96½ |
| Crédit National 8½pc 1986 | 96 | 96½ |
| Denmark 8¾pc 1984 | 98½ | 99 |
| ECS 9pc 1993 | 99½ | 100 |
| ECS 8½pc 1997 | 94½ | 95 |
| EIB 8½pc 1992 | 97½ | 98½ |
| EMI 9½pc 1989 | 98½ | 99 |
| Ericsson 8½pc 1989 | 96 | 96½ |
| Esso 8pc 1986 Nov. | 100 | 100½ |
| Gt. Lakes Paper 8½pc 1984 | 97½ | 98 |
| Hamersley 9½pc 1992 | 99½ | 100½ |
| Hydro Quebec 9pc 1992 | 94½ | 95½ |
| ICI 8½pc 1987 | 96½ | 97½ |
| ISE Canada 9½pc 1986 | 103½ | 104½ |
| Macmillan Bloedel 9pc 1992 | 94½ | 95½ |
| Massey Ferguson 9½pc '91 | 98 | 99 |
| Michelin 9½pc 1988 | 100½ | 101½ |
| Midland Int. Fin. 8½pc '92 | 95 | 95½ |
| National Coal Bd. 8pc 1987 | 93½ | 94½ |
| National Wstmnstr. 9pc '86 | 100 | 100½ |
| Natl. Wstmnstr. 9pc '86 'B' | 99½ | 100½ |
| Newfoundland 9pc 1989 | 98½ | 99½ |
| Nordic Inv. Bank 8½pc 1988 | 96½ | 97½ |
| Norges Kom. Bk. 8½pc 1992 | 96 | 96½ |
| Norpipe 8½pc 1989 | 96 | 96½ |
| Norsk Hydro 8½pc 1992 | 95½ | 96½ |
| Oslo 9pc 1988 | 99½ | 100 |
| Ports Autonomes 9pc 1991 | 98 | 98½ |
| Prov. Quebec 9pc 1995 | 93½ | 94½ |
| Prov. Saskatchwn. 8½pc '86 | 96 | 96½ |
| Reed International 9pc 1987 | 92½ | 94½ |
| RHM 9pc 1992 | 93½ | 94 |
| Selection Trust 8½pc 1989 | 91 | 92 |
| Skand. Enskilda 9pc 1991 | 97½ | 98½ |
| SKF 8pc 1987 | 92½ | 93½ |
| Sweden (K'dom) 8½pc 1987 | 95 | 95½ |
| United Biscuits 9pc 1989 | 98 | 98½ |
| Volvo 8pc 1987 March | 93 | 93½ |
| Gotaverken 7½pc 1982 | 96½ | 97 |
| Kockums 8pc 1983 | 97½ | 98 |
| Michelin 8½pc 1983 | 99½ | 100 |
| Montreal Urban 8½pc 1981 | 99 | 99½ |
| New Brunswick 8pc 1984 | 96½ | 97½ |
| New Bruns. Prov. 8½pc '83 | 99½ | 100½ |
| New Zealand 8½pc 1986 | 96 | 96½ |
| Nordic Inv. Bk. 7½pc 1984 | 94½ | 95½ |
| Norsk Hydro 7½pc 1982 | 96 | 96½ |
| Norway 7½pc 1982 | 95 | 95½ |
| Ontario Hydro 8pc 1987 | 94 | 94½ |
| Singer 8½pc 1982 | 100½ | 101 |
| S. of Scot. Elec. 8½pc 1981 | 98½ | 99½ |
| Sweden (K'dom) 7½pc 1982 | 96 | 96½ |
| Swedish State Co. 7½pc '82 | 96 | 96½ |
| Telmex 9½pc 1984 | 98½ | 99½ |
| Tenneco 7½pc 1987 May | 92½ | 93 |
| Volkswagen 7½pc 1987 | 93½ | 94½ |
| BNP 1983 8 1/16pc | 100½ | 100¾ |
| BQE Worms 1985 | 99½ | 99¾ |
| CCF 1985 8½pc | 99½ | 99¾ |
| CGMF 1984 8 11/16pc | 99½ | 100½ |
| Creditanstalt 1984 8½pc | 99¾ | 100 |
| DG Bank 1982 9pc | 100½ | 100¾ |
| GZB 1981 8 1/16pc | 100½ | 101 |
| Intl. Westminster 1984 8pc | 99½ | 99¾ |
| Lloyds 1983 8 13/16pc | 100¾ | 101¼ |
| LTCB 1983 8pc | 99½ | 100 |
| Midland 1987 8 9/16pc | 99¾ | 100¼ |
| Nat. Westminster Bk. 1990 | 99¾ | 99¾ |
| OKB 1983 7¾pc | 99¾ | 100¼ |
| SNCF 1985 8½pc | 99¼ | 99¾ |
| Stand. and Chtrd. '84 8½pc | 99¾ | 100¼ |
| Wms. and Glyn's '84 8 1/16pc | 99¾ | 100¼ |

Source: White Weld Securities.

| NOTES | Bid | Offer |
|---|---|---|
| Australia 7½pc 1984 | 94 | 94½ |
| Bell Canada 7½pc 1987 | 95½ | 96½ |
| Br. Columbia Hyd. 7½pc '85 | 92½ | 93½ |
| Can. Pac. 8½pc 1984 | 97½ | 98 |
| Dow Chemical 8pc 1986 | 98½ | 98 |
| ECS 7½pc 1982 | 95½ | 96 |
| ECS 8½pc 1989 | 95 | 95½ |
| EEC 7½pc 1982 | 95½ | 96½ |
| EEC 7½pc 1984 | 94½ | 95 |
| Enso Gutzeit 8½pc 1984 | 96½ | 97½ |

| STERLING BONDS | Bid | Offer |
|---|---|---|
| Allied Breweries 10½pc '90 | 88 | 89 |
| Citicorp 10pc 1993 | 91 | 92 |
| Courtaulds 9½pc 1989 | 89 | 90 |
| ECS 9½pc 1989 | 95 | 96 |
| EIB 9½pc 1988 | 94½ | 95½ |
| EIB 9½pc 1992 | 92½ | 93½ |
| Finance for Ind. 9½pc 1987 | 90 | 91 |
| Finance for Ind. 10pc 1989 | 91½ | 92½ |
| Fisons 10½pc 1987 | 95½ | 96½ |
| Gestetner 11pc 1988 | 92 | 93 |
| INA 10pc 1988 | 91 | 92 |
| Rowntree 10½pc 1988 | 88 | 89 |
| Sears 10½pc 1988 | 89½ | 90½ |
| Total Oil 9½pc 1984 | 91 | 92 |

| DM BONDS | Bid | Offer |
|---|---|---|
| Asian Dev. Bank 5½pc 1988 | 96½ | 97½ |
| BNDE 6½pc 1988 | 96½ | 97½ |
| Canada 4½pc 1983 | 98 | 98½ |
| Den Norske Id. Bk. 6pc '90 | 99½ | 100 |
| Deutsche Bank 4½pc 1983 | 97½ | 98½ |
| ECS 5½pc 1990 | 95½ | 96½ |
| EIB 5½pc 1990 | 95½ | 96 |
| Elf Aquitaine 5½pc 1988 | 95 | 95½ |
| Euratom 5½pc 1987 | 98 | 98½ |
| Finland 5½pc 1986 | 97½ | 98½ |
| Forsmarks 5½pc 1990 | 97½ | 96½ |
| Mexico 6pc 1985 | 96 | 96½ |
| Norcem 5½pc 1989 | 100 | 100½ |
| Norway 4½pc 1983 | 99½ | 100 |
| Norway 4½pc 1983 | 97 | 97½ |
| PK Banken 5½pc 1988 | 96 | 97½ |
| Prov. Quebec 6pc 1990 | 97 | 98½ |
| Rautaruukki 5½pc 1988 | 95 | 95½ |
| Spain 6pc 1988 | 96 | 98½ |
| Trondheim 5½pc 1988 | 96½ | 97½ |
| TVO Power Co. 6pc 1988 | 97½ | 98 |
| Venezuela 6pc 1988 | 97½ | 98 |
| World Bank 5½pc 1990 | 98 | 98½ |

| FLOATING RATE NOTES | Bid | Offer |
|---|---|---|
| Bank of Tokyo 1984 8½pc | 99½ | 100 |
| BFCE 1984 8½pc | 99½ | 100½ |

| CONVERTIBLES | Bid | Offer |
|---|---|---|
| American Express 4½pc '87 | 86 | 87½ |
| Ashland 5pc 1988 | 92½ | 94 |
| Babcock & Wilcox 6½pc '97 | 104½ | 105½ |
| Beatrice Foods 4½pc 1992 | 97 | 98½ |
| Beatrice Foods 4½pc 1992 | 106 | 108 |
| Beecham 6½pc 1992 | 96½ | 97½ |
| Borden 5pc 1992 | 103 | 104½ |
| Broadway Hale 4½pc 1987 | 77½ | 79 |
| Carnation 4pc 1997 | 77½ | 79 |
| Chevron 5pc 1988 | 135 | 136½ |
| Dart 4½pc 1987 | 81 | 82½ |
| Eastman Kodak 4½pc 1988 | 84½ | 86 |
| Economic Labs. 4½pc 1987 | 78 | 79½ |
| Firestone 5pc 1988 | 82 | 83½ |
| Ford 5pc 1988 | 87½ | 89 |
| General Electric 4½pc 1987 | 83 | 84½ |
| Gillette 4½pc 1987 | 76 | 77½ |
| Gould 5pc 1987 | 117 | 118½ |
| Gulf and Western 5pc 1988 | 88½ | 90 |
| Harris 5pc 1992 | 188 | 190 |
| Honeywell 6pc 1986 | 87 | 89½ |
| ICI 6½pc 1992 | 90½ | 91½ |
| INA 6pc 1997 | 97 | 98½ |
| Inchcape 6½pc 1992 | 112½ | 114½ |
| ITT 4½pc 1987 | 80 | 81½ |
| Jusco 6pc 1992 | 112½ | 114½ |
| Komatsu 7½pc 1990 | 129½ | 130½ |
| J. Ray McDermott 4½pc '87 | 163½ | 165½ |
| Matsushita 6½pc 1990 | 167½ | 169½ |
| Mitsui 7½pc 1990 | 120½ | 122½ |
| J. P. Morgan 4½pc 1987 | 99 | 100½ |
| Nabisco 5½pc 1988 | 104 | 105½ |
| Owens Illinois 4½pc 1987 | 112½ | 114 |
| J. C. Penney 4½pc 1987 | 76½ | 78 |
| Revlon 4½pc 1987 | 122 | 123½ |
| Reynolds Metals 5pc 1988 | 85½ | 87 |
| Sandvik 6½pc 1988 | 108 | 110 |
| Sperry Rand 4½pc 1987 | 93 | 94½ |
| Squibb 4½pc 1987 | 81 | 82½ |
| Texaco 4½pc 1988 | 79½ | 81 |
| Toshiba 6½pc 1992 | 127½ | 129½ |
| Ty Co. 5pc 1984 | 77½ | 79 |
| Union Carbide 4½pc 1982 | 94½ | 96 |
| Warner Lambert 4½pc 1987 | 83 | 84½ |
| Warner Lambert 4½pc 1988 | 78 | 79½ |
| Xerox 5pc 1988 | 79 | 80½ |

Source: Kidder, Peabody Securities.



VONTOBEL EUROBOND INDICES

14.5.76 = 100%

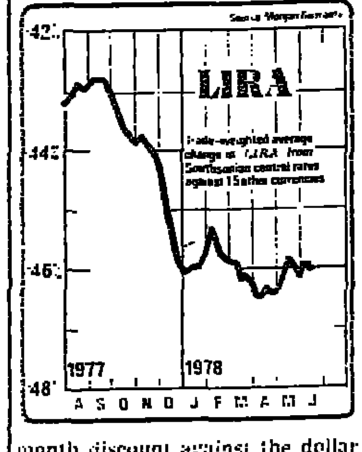
| PRICE INDEX | 13.6.78 | 6.6.78 | AVERAGE YIELD | 13.6.78 | 6.6.78 |
|---|---|---|---|---|---|
| DM Bonds | 106.24 | 106.10 | DM Bonds | 6.519 | 6.543 |
| HFL Bonds & Notes | 105.10 | 105.19 | HFL Bonds & Notes | 7.410 | 7.397 |
| U.S. $ Strt. Bonds | 99.10 | 99.12 | U.S. $ Strt. Bonds | 8.848 | 8.841 |
| Can.-Dollar Bonds | 100.14 | 99.91 | Can.-Dollar Bonds | 9.264 | 9.312 |

# Currency, Money and Gold Markets

## Pound eases on trade figures

In generally quiet trading, the pound showed a slight fall against other leading currencies reflecting the mild disappointment shown in UK trade figures for May. Using Bank of England figures, sterling's trade weighted index fell from 61.4 to 61.3. The pound opened at $1.8350-1.8360 against the U.S. dollar and in very thin conditions briefly touched $1.8365-1.8375 during the morning. However, after the trade figures were announced, the rate fell sharply to $1.8300-1.8310. There seemed little likelihood of any official intervention, and the pound soon recovered to close at $1.8322-1.8332, a loss of 13 points from the previous close.

Forward sterling also showed a weaker tendency with the six-month discount against the dollar widening to 3.26½ cents from 3.04 cents and the 12-month 5.80 cents against 5.50 cents.




The Japanese yen rose to a record post-war high against the dollar with renewed buying in most centres. After an opening level of Y217.10, the yen improved to Y214.80 before easing back slightly to Y215.25. Intense interest surrounds the publication tomorrow of Japan's trade figures for May, which may well show a greater surplus than previously anticipated.

Elsewhere, the dollar showed little change against the West German mark at DM2.0830 from DM2.0840 while the Swiss franc improved to SwFr 1.8875 from SwFr 1.8950. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 6.0 per cent from 5.8 per cent.

**Paris:** The dollar recorded little change against the French franc in rather nervous trading. It finished at FFr 4.5850, compared with FFr 4.5862½ in early trading, and FFr 4.5870 late Tuesday. There was hardly any reaction to publication of a first quarter current account payments deficit of FFr 420m, compared with a surplus of FFr 287m in the fourth quarter of 1977, and a deficit of FFr 8.128bn in the first quarter of last year. Similarly, the announcement of a rise of 1½ per cent in French industrial production in April was passed over.

Sterling fell to FFr 8.4066, from FFr 8.42 in the morning, and FFr 8.4350 previously, on news of the UK trade deficit. The D-mark declined to FFr 2.1950, compared with FFr 2.2050 on Tuesday, while the Swiss franc finished at FFr 2.4278½, against FFr 2.4300 previously.

**Frankfurt:** The fixing was very quiet, with no news affecting the rates. The dollar moved up to a fixing level of DM2.0850 compared with DM2.0807 on Tuesday, and against an opening rate of DM2.0835, and a mid-morning rate in Zurich of DM2.0843. Turnover remained small and the Bundesbank did not intervene.

The Bundesbank's trade-weighted D-mark revaluation index against 22 currencies was: 145.8 (145.9), up 0.9 per cent from the end of last year.

**Milan:** At the fixing the dollar held firm against the lira, after a normal market volume of $9.8m. The U.S. currency finished the session at L859.35, compared with L859.40 the previous day. The lira improved slightly against most major European currencies, with the Swiss franc falling to L454 from L454.84 on Tuesday.

**Tokyo:** In moderate to active trading, the U.S. dollar came under further selling pressure closing at Y216.97½ against Y217.25 on Tuesday. There seemed to be a general feeling that Japan's trade surplus for May, due to be announced today, may be larger than expected compared with the surplus of the previous month and this appeared to have a weakening effect on the dollar. After opening at Y216.9, the U.S. currency rose to Y217.3 at one point but selling towards the end of the day saw it back down to the Y216 level against.

### THE POUND SPOT

| June 14 | Bank rates % | Day's Spread | Close |
|---|---|---|---|
| U.S. $ | 7 | 1.8300-1.8375 | 1.8322-1.8332 |
| Canadian $ | 8½ | 2.0500-2.0600 | 2.0530-2.0545 |
| Guilder | 4 | 4.08-4.11 | 4.08-4.10 |
| Belgian Fr. | 5½ | 59.75-60.10 | 59.80-59.90 |
| Danish Kr. | 8 | 10.33-10.38 | 10.34½-10.35½ |
| D-Mark | 3 | 3.81-3.84 | 3.81½-3.82½ |
| Port. Esc. | 18 | 83.00-84.25 | 83.45-83.85 |
| Span. Pes. | 8 | 145.60-146.50 | 145.70-145.85 |
| Lira | 11½ | 1,570-1,580 | 1,574-1,575 |
| Nrwgn. Kr. | 7 | 9.87-9.92½ | 9.89½-9.90½ |
| French Fr. | 9½ | 8.38½-8.45½ | 8.40-8.41 |
| Swedish Kr. | 7 | 8.45-8.49½ | 8.46½-8.47½ |
| Yen | 3½ | 390-400 | 393½-395½ |
| Austria Sch | 5½ | 27.30-27.60 | 27.37-27.47 |
| Swiss Fr. | 1 | 3.44½-3.48½ | 3.45½-3.46½ |

Belgian rate is for convertible francs. Financial francs 59.90-60.10.

### FORWARD AGAINST £

| | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|
| U.S. $ | 0.90-0.80c. pm | 5.57 | 1.97-1.87 c. pm | 4.21 |
| Canadian $ | 0.93-0.83c. pm | 5.14 | 2.00-1.90c. pm | 3.80 |
| Guilder | 3⅜-2⅜c. pm | 8.45 | 8¼-7¼ c. pm | 7.57 |
| Belgian Fr. | 40-30 c. pm | 7.02 | 105-85 c. pm | 6.88 |
| Danish Kr. | 2½-4½ ore dis | -3.77 | 6½-8½ ore dis | -2.90 |
| D-Mark | 3⅝-2⅝ pf pm | 9.81 | 9⅛-8⅛ pf pm | 9.29 |
| Port. Esc. | 15-185 c. dis | -12.90 | 75-475 c. dis | -13.14 |
| Span. Pes. | 40-120 dis | -6.58 | 145-215 c. dis | -4.94 |
| Lira | 2 lire pm-1 dis | 0.38 | 1 lire pm-2 dis | -0.13 |
| Nrwgn. Kr. | 1½ ore pm-½ dis | 0.61 | 1 ore pm-dis | — |
| French Fr. | 2½-1½c. pm | 2.86 | 4¼-3¼ c. pm | 1.78 |
| Swedish Kr. | 2¼-¾ ore pm | 1.78 | 5-3 ore pm | 1.89 |
| Yen | 7.90-6.70c. pm | 22.22 | 14.0-13.7 c pm | 14.05 |
| Austria Sch | 18-8 gro pm | 5.69 | 42-32 gro pm | 5.40 |
| Swiss Fr. | 3⅞-2⅞ c. pm | 11.70 | 9⅞-8⅞ c. pm | 10.84 |

Six-month forward dollar 3.30-3.23c pm. 12-month 5.85-5.75c pm.

### THE DOLLAR SPOT

| June 14 | Day's spread | Close |
|---|---|---|
| Canad'n $* | 89.17-89.30 | 89.27-89.30 |
| Guilder | 2.2322-2.2335 | 2.2322-2.2332 |
| Belgian Fr | 32.625-32.65 | 32.635-32.65 |
| Danish Kr | 5.6460-5.6510 | 5.6460-5.6475 |
| D-Mark | 2.0825-2.0845 | 2.0825-2.0835 |
| Port. Es | — | 45.58-45.68 |
| Lira | 858.90-859.50 | 858.90-859.10 |
| Nrwgn. Kr | 5.3935-5.3995 | 5.3935-5.3945 |
| French Fr | 4.5835-4.5890 | 4.5835-4.5850 |
| Swedish Kr | 4.6195-4.6230 | 4.6195-4.6205 |
| Yen | 215.65-216.98 | 215.65-215.90 |
| Austria Sch | — | 14.9675-14.9725 |
| Swiss Fr | 1.8867-1.8943 | 1.8867-1.8877 |

* U.S. cents per Canadian $.

### FORWARD AGAINST $

| June 14 | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|
| Canad'n $* | 0.05-0.03c dis | -0.52 | 0.10-0.08c dis | -0.38 |
| Guilder | 0.61-0.56c pm | 3.01 | 1.95-1.90c pm | 3.30 |
| Belgian Fr | 7-6.25c pm | 2.52 | 20.5-19c pm | 2.35 |
| Danish Kr | — | | — | |
| D-Mark | 0.75-0.70pf pm | 4.04 | 2.52-2.47pf pm | 4.58 |
| Port. Es | — | | — | |
| Lira | 2.90-3.20lire dis | -4.12 | 8.75-9.50lire dis | -4.07 |
| Nrwgn. Kr | — | | — | |
| French Fr | 1.10-1.20c dis | -2.53 | 2.95-3.15c dis | -2.25 |
| Swedish Kr | — | | — | |
| Yen | 0.92-0.82y pm | 4.98 | 2.78-2.63y pm | 4.99 |
| Austria Sch | — | | — | |
| Swiss Fr | 1.06-1.01c pm | 6.36 | 3.21-3.16c pm | 6.45 |

### CURRENCY RATES

| June 14 | Special Drawing Rights | European Unit of Account |
|---|---|---|
| Sterling | 0.669822 | 0.672959 |
| U.S. dollar | 1.22765 | 1.23368 |
| Canadian dollar | 1.37620 | 1.38423 |
| Austrian schilling | 18.3871 | 18.4670 |
| Belgian franc | 40.0981 | 40.2951 |
| Danish krone | 6.94113 | 6.97362 |
| Deutsche Mark | 2.55965 | 2.57199 |
| Guilder | 2.74196 | 2.75555 |
| French franc | 5.63369 | 5.66058 |
| Lira | 1055.04 | 1060.18 |
| Yen | 266.277 | 257.094 |
| Norwegian krone | 6.62624 | 6.66034 |
| Peseta | 97.6853 | 98.1132 |
| Swedish krona | 5.66990 | 5.70429 |
| Swiss franc | 2.32345 | 2.33395 |

### CURRENCY MOVEMENTS

| June 14 | Bank of England Index | Morgan Guaranty changes % |
|---|---|---|
| Sterling | 61.29 | -41.9 |
| U.S. dollar | 88.75 | - 6.0 |
| Canadian dollar | 85.58 | -12.3 |
| Austrian schilling | 141.06 | +19.4 |
| Belgian franc | 111.09 | +12.8 |
| Danish krone | 115.44 | + 6.3 |
| Deutsche Mark | 141.10 | +36.1 |
| Swiss franc | 181.91 | +75.1 |
| Guilder | 121.24 | +18.7 |
| French franc | 98.57 | - 4.8 |
| Lira | 56.60 | -46.0 |
| Yen | 158.13 | +36.6 |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

### OTHER MARKETS

| | £ | $ | | £ Notes Rate |
|---|---|---|---|---|
| Argentina Peso | 1,423-1,427 | 776.45-778.65 | Austria | 27-28¼ |
| Australia Dollar | 1.6070-1.6252 | 0.8758-0.8856 | Belgium | 59-60½ |
| Finland Markka | 7.8450-7.8550 | 4.2810-4.2830 | Denmark | 10.25-10.40 |
| Brazil Cruzeiro | 31.85-32.85 | 17.38-17.92 | France | 8.30-8.45 |
| Greece Drachma | 67.504-69.172 | 36.83-37.75 | Germany | 3.70-3.85 |
| Hong Kong Dollar | 8.52¼-8.54¾ | 4.6570-4.6590 | Italy | 1530-1590 |
| Iran Rial | 126-131 | 68¾-71½ | Japan | 395-405 |
| Kuwait Dinar (KD) | 0.501-0.511 | 0.2734-0.2788 | Netherlands | 4.00-4.15 |
| Luxembourg Franc | 59.80-59.90 | 32.66-32.68 | Norway | 9.80-10.00 |
| Malaysia Dollar | 4.3720-4.3840 | 2.3885-2.3900 | Portugal | 77-86 |
| New Zealand Dollar | 1.7956-1.8137 | 0.9785-0.9875 | Spain | 143-146 |
| Saudi Arabia Riyal | 6.28-6.38 | 3.43-3.48 | Switzerland | 3.40-3.55 |
| Singapore Dollar | 4.2880-4.2700 | 2.3270-2.3280 | United States | 1.82-1.84 |
| South African Rand | 1.5829-1.6084 | 0.8637-0.8776 | Yugoslavia | 34-37 |

Rate given for Argentina is free rate.

### EXCHANGE CROSS-RATES

| June 14 | Pound Sterling | U.S. Dollar | Deutschemark | Japanese Yen | French Franc | Swiss Franc | Dutch Guilder | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.833 | 3.821 | 394.3 | 8.405 | 3.460 | 4.095 | 1575. | 2.054 | 59.85 |
| U.S. Dollar | 0.546 | 1. | 2.085 | 215.1 | 4.586 | 1.888 | 2.234 | 859.1 | 1.121 | 32.66 |
| Deutschemark | 0.262 | 0.480 | 1. | 103.2 | 2.200 | 0.906 | 1.072 | 412.0 | 0.537 | 15.66 |
| Japanese Yen 1,000 | 2.536 | 4.649 | 9.692 | 1000. | 21.32 | 8.776 | 10.39 | 3994. | 5.209 | 151.8 |
| French Franc 10 | 1.190 | 2.180 | 4.546 | 469.1 | 10. | 4.117 | 4.872 | 1873. | 2.443 | 71.21 |
| Swiss Franc | 0.289 | 0.530 | 1.104 | 113.9 | 2.429 | 1. | 1.184 | 455.1 | 0.594 | 17.30 |
| Dutch Guilder | 0.244 | 0.448 | 0.933 | 96.28 | 2.053 | 0.845 | 1. | 384.5 | 0.502 | 14.62 |
| Italian Lira 1,000 | 0.635 | 1.164 | 2.427 | 250.4 | 5.338 | 2.198 | 2.601 | 1000. | 1.304 | 38.01 |
| Canadian Dollar | 0.487 | 0.892 | 1.861 | 192.0 | 4.093 | 1.685 | 1.994 | 766.6 | 1. | 29.14 |
| Belgian Franc 100 | 1.671 | 3.062 | 6.385 | 658.7 | 14.04 | 5.781 | 6.842 | 2631 | 3.431 | 100. |

### EURO-CURRENCY INTEREST RATES*

| June 15 | Sterling | Canadian Dollar | U.S. Dollar | Dutch Guilder | Swiss Franc | W. German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 18-19 | 7-8 | 7½-7¾ | 4⅛-4⅜ | ½-⅝ | 3⅜-3½ | 10¼-10½ | 9-12 | — | 1⅞-3⅞ |
| 7 day's notice | 16-17 | 7-8 | 7⅝-7⅞ | 4⅛-4⅜ | [illegible] | 3⅜-3½ | 10¼-10½ | 10½-11½ | 7⅝-7{11/16} | 1⅝-3¼ |
| Month | 12¼-12¾ | 7¾-8 | 7¾-7⅞ | 4¼-4½ | 1-1¼ | 3⅜-3½ | 10⅛-10⅜ | 10-12 | 7⅝-7{11/16} | 2⅞-3⅛ |
| Three months | 11½-11¾ | 8-8¼ | 8⅛-8⅜ | 4½-4¾ | 1-1¼ | 3⅜-3½ | 10⅜-10⅝ | 11¾-12¾ | 7¾-7⅞ | 3-3⅞ |
| Six months | 12-12½ | 8⅜-8⅝ | 8⅜-8⅝ | 5-5¼ | 1¼-1½ | 3½-3⅝ | 10⅝-10⅞ | 13-14 | 8⅛-8⅝ | 3⅛-3½ |
| One year | 12⅛-12⅝ | 8½-8¾ | 8⅞-9⅛ | 5½-5¾ | 2-2½ | 3⅝-3⅞ | 11-11¼ | 13¾-14¾ | 8⅜-8{11/16} | 4⅛-4½ |

The following nominal rates were quoted for London dollar certificates of deposit: One month 7.75-7.85 per cent; three months 8.00-8.10 per cent; six months 8.40-8.50 per cent; one year 8.65-8.75 per cent.

Long-term Eurodollar deposits: two years 9-9⅛ per cent; three years 9{1/16}-9{3/16} per cent; four years 9{5/16}-9{7/16} per cent; five years 9{5/16}-9{7/16} per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

## New York rates steady

New York interest rates showed little change, with 13-week Treasury bills quoted at 6.62 per cent bid, compared with 6.61 per cent late on Tuesday. The rate for 26-week bills was unchanged at 7.12 per cent, while one-year bills rose to 7.42 per cent from 7.39 per cent.

One-month certificates of deposit were: 7.58 per cent bid, unchanged from late Tuesday, two-month 7.68 per cent (7.67) and three-month 7.80 per cent (7.78).

Federal funds were quoted at 7{11/16} per cent bid, compared with 7⅝ per cent in late trading on Tuesday. The Federal Reserve made overnight matched sales.

Bankers acceptance offered rates were: 7.45 per cent, unchanged, for 30 days; 7.50 per cent, unchanged, for 60 days; 7.60 per cent (7.55) for 90 days; 7.63 per cent, unchanged, for 120 days; 7.75 per cent unchanged for 150 days; and 7.80 per cent unchanged for 180 days.

Rates for high-grade commercial paper were all unchanged at: 7.60 per cent for 30 days; 7.65 per cent for 60 days; and 7.70 per cent for 90 days.

**Paris:** Money market rates were fairly steady at around 7⅜ per cent for day-to-day funds; 7⅝ per cent for one-month; 7{15/16} per cent for three-month; 8{3/16} per cent for six months; and 8{7/16} per cent for 12-month money.

**Frankfurt:** Interbank money market rates were unchanged at 3.5 per cent for call money; 3.55 per cent for one-month; 3.65 per cent for three-month; and 3.75 per cent for six-month.

**Brussels:** The official Discount and Lombard rates were both unchanged at 5½ per cent, following a Board meeting of the Banque Nationale de Belgique. This was generally expected, since the rise in Treasury certificate rates last week, and an increase in the auction price of the four-month bond fund rate on Tuesday, were regarded as technical moves. Deposit rates for commercial francs were: 3⅞-4⅛ per cent for call money; 5{5/16} per cent for one-month; 5⅞ per cent for three month; 6⅜ per cent for six-month; and 7⅛ per cent for 12-month.

**Amsterdam:** Call money rose to 4⅝ per cent from 4{1/16} per cent, while one-month increased to 4⅞ per cent from 4¾ per cent, and three-month was unchanged at 4½ per cent. The six-month rate rose to 5⅜ per cent from 5¼ per cent.

**Hong Kong:** Conditions in the money market were tight, with call money dealt at 5¼ per cent, compared with 5½ per cent previously, with overnight at 5⅛ per cent, against 4⅞ per cent.

UK MONEY MARKET

## Further exceptional help

**Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)**

The supply of day to day credit was slightly easier in the London money market yesterday compared with earlier in the week. However, the authorities were still required to intervene on an exceptional scale to alleviate the shortage. They lent an exceptionally large amount to six or seven houses at MLR, for repayment today. This was in addition to a moderate number of Treasury bills bought directly from the discount houses and a small amount of local authority bills. Total buying was on a moderate scale and indications pointed towards the assistance being slightly overdone.

The market was faced with a slight net take-up of Treasury bills and numbers of local authority bills maturing in official hands. There was also the repayment of Tuesday's exceptional loans. On the other hand, banks brought forward balances a long way up and Government disbursements were substantially larger than revenue transfers to the Exchequer in addition to which the note circulation showed a slight fall. Discount houses paid between 9 per cent and 10 per cent for secured call loans for most of the day.

In the interbank market, overnight loans opened at 11½-11¾ per cent and rose to 12¾-13 per cent on the prospect of a shortage. After easing back to 11-11½ per cent the rate fluctuated between 9½ per cent and 12 per cent before closing balances were taken at 8-8½ per cent.

Rates in the table below are nominal in some cases.

### LONDON MONEY RATES

| June 14 1978 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposit | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 8-13 | | — | — | 11½ | 9-10 | — | — | — |
| 2 days notice | — | - | 11½ | — | — | — | — | — | — | — |
| 7 days or | — | - | | — | — | — | — | — | — | — |
| 7 days notice | — | 11¼-12⅛ | 11-11½ | — | 11¾-12¾ | 11¼ | 9¾-10 | — | — | — |
| One month | 11-10⅝ | 11⅞-11½ | 11-11½ | 10½-10⅞ | 11⅝-11½ | 10¾ | 9⅝-9¾ | 9⅝-9{11/32} | 10⅝-10¾ | 10⅞ |
| Two months | 10¾-10⅝ | 10½-10⅞ | | 10⅝-10⅝ | 11¾-11⅝ | — | 9⅜-9½ | 9{15/32} | 10⅜ | 10¾ |
| Three months | 10¼-10⅛ | 10{11/16}-10¾ | 10¼-10½ | 9¾-10¼ | 10{11/16}-10¾ | — | 9¼-9⅜ | 9⅜-9{15/32} | 9{15/32} | 10⅝ |
| Six months | 9{13/16}-9{15/16} | 10{11/16}-10¼ | 10-10¼ | 9⅞-10¼ | 10½ | — | — | — | 9{11/16}-9¾ | 10⅝ |
| Nine months | 9⅞-9¾ | 10{11/16}-10{11/16} | — | 9⅝-9⅞ | 10⅝ | — | — | — | — | — |
| One year | 9⅞-9¾ | 10{11/16}-10{11/16} | 10⅝-10½ | 9⅝-9⅝ | 10⅝-10½ | — | — | — | — | — |
| Two years | .. | — | 10⅜-10½ | - | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11¼-11{3/16} per cent; four years 12⅛ per cent; five years 12⅛ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9{15/16}-9⅞ per cent; four-month trade bills 10⅜ per cent.

Approximate selling rates for one-month Treasury bills 9{5/16} per cent; two-month 9{9/32}-9{11/32} per cent; and three-month 9¼-9{9/32} per cent. Approximate selling rate for one-month bank bills 10¼ per cent; and two-month 10{1/16} per cent; and three-month 9{13/16}-9{15/16} per cent. One-month trade bill, 10⅞ per cent; two-month 10⅝ per cent; and also three-month 10½ per cent.

**Finance Houses Base Rates** (published by the Finance House Association) 8½ per cent from June 1, 1978. **Clearing Bank Deposit Rates** (for small sums at seven days notice) 6½-7 per cent. **Clearing Bank Base Rates for lending** 10 per cent. **Treasury Bills:** Average tender rates of discount 9.4253 per cent.

GOLD

## Trading dull

Gold improved $1¼ an ounce in generally dull conditions to finish at $183¾-184¼. After opening at $183¾-184, the metal eased slightly to trade in a range of $183½-183¾ with the morning fixing at $183.65. Activity increased during the afternoon with the opening of New York and the metal improved to $183¾-184¼. The afternoon fixing showed little change from the morning at $183.70 and with very little to influence trading, gold failed to maintain its higher levels. However, sentiment remained good and sources suggested that an upward movement towards the $200 mark seemed the most likely.

| | June 14 | June 13 |
|---|---|---|
| Gold Bullion (a fine ounce) | | |
| Close | $183¾-184¼ | $182½-183 |
| Opening | $183¾-184 | $181½-182 |
| Morning fixing | $183.65 (£100.080) | $181.80 (£98.674) |
| Afternoon fixing | $183.70 (£100.191) | $182.35 (£99.211) |
| Gold Coins, domestically | | |
| Krugerrand | $189¼-190½ (£102¾-103¾) | $187½-188½ (£102¼-103¼) |
| New Sovereigns | $53½-55½ (£29¼-30¼) | $54-56 (£29½-30½) |
| Old Sovereigns | $56½-57½ (£30½-31½) | $55½-57½ (£30½-31½) |
| Gold Coins, internationally | | |
| Krugerrand | $189¼-190½ (£102¾-103¾) | $187½-189¼ (£102¼-103¼) |
| New Sovereigns | $52½-54½ (£28¾-29¾) | $52½-54½ (£28½-29½) |
| Old Sovereigns | $56½-57½ (£30½-31½) | $55½-57½ (£30½-31½) |
| $20 Eagles | $276-279 | $275½-278½ |
| $10 Eagles | $160¼-163¼ | $160¼-163¼ |
| $5 Eagles | $99-103 | $99½-102½ |

### MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime Rate | 8.5 |
| Fed. Funds | 7.6875 |
| Treasury Bills (13-week) | 6.62 |
| Treasury Bills (26-week) | 7.12 |

**GERMANY**

| | |
|---|---|
| Discount Rate | 3 |
| Overnight | 3.5 |
| One month | 3.55 |
| Three months | 3.65 |
| Six months | 3.75 |

**FRANCE**

| | |
|---|---|
| Discount Rate | 9.5 |
| Overnight | 7.75 |
| One month | 7.75 |
| Three months | 7.9375 |
| Six months | 8.1875 |

**JAPAN**

| | |
|---|---|
| Discount Rate | 3.5 |
| Call (Unconditional) | 4.125 |
| Bills Discount Rate | 4.625 |

# WORLD STOCK MARKETS

# Wall St. moves erratically in heavy trade

**INVESTMENT DOLLAR PREMIUM**

$2.60 to £—113% (114¼%)
Effective $1.8327 50¼% (51¼%)

MOST OF an initial strong rise on Wall Street yesterday was lost by mid-session, and the stock market moved erratically for the rest of the day before closing with mixed movements after a very active trade.

The Dow Jones Industrial Average touched extremes of 865.82 and 850.57 before finishing 2.42 down on the day at 854.56. The NYSE All Common Index recorded a net loss of 3 cents at $55.88, after moving between $56.24 and $55.86, although gains still held an edge over losses at the close of 794 to 685 following an early three-to-one advantage. Turnover expanded to 37.29m shares from Tuesday's 30.76m.

Brokers said the market was caught between some window dressing by institutions prior to the end of the second quarter and unfavourable economic news.

Analysts continue to expect further rises in short-term rates and the Prime rate, and some are forecasting a new expansion in the money supply when the Federal Reserve releases its weekly report after today's stock market close, although analysts expect a slower money supply growth rate than in the previous statement week.

It was reported that U.S. factory profit margins fell in the first quarter, while Wage and Price Stability Council director Bosworth said the nation is headed for a recession if inflation is not brought under control.

The dollar fell to new lows against the yen for the third consecutive day but was mixed against other major currencies.

In another development, however, Republic Steel matched Bethlehem Steel's recently announced steel price rise of only 3 per cent, which was considered a helpful factor in the fight against inflation.

President Jimmy Carter, at his news conference yesterday urged Congress to act responsibly in passing appropriations.

IBM, which hit a new peak for the year on Tuesday, ended 2⅜ down at $271½ after trading as high as $276¼ at one point yesterday.

Ramada Inns jumped $2 to $7⅞ on volume of nearly 1m shares, while City Investing, another heavily traded issue, picked up ½ to $17.

Motors issues were also in the spotlight. American Motors gained ⅜ to $6¼ in heavy trading, including blocks of 100,000 and 70,000 shares—it reported a 1 per cent rise in early June car sales.

General Motors, however, eased ¼ to $60⅝—the company is to recall about 600,000 cars for safety checks and reported a dip in early June car sales.

Ford Motor reported an 11 per cent rise in sales but continued under pressure because of the Government scrutiny regarding the safety of its small cars — the shares lost $1½ to $46½ in heavy trading, including blocks of 100,000 and 115,000 shares.

Exxon shed ⅝ to $46⅜ — the U.S. Supreme Court has upheld a Maryland law prohibiting petroleum producers or refiners from directly operating service stations in that state.

Service Corporation International dropped 2¼ to $8¼ — plans for a company to be formed by some of its officers and directors and by American General Life Insurance to acquire Service have been abandoned.

Sony gained ½ to $8¼ in heavy trading despite reporting lower earnings.

THE AMERICAN SE Market Value Index managed a fresh rise of 0.87 to 151.32 in heavy volume of 5.65m shares (4.70m).

## Canada

A strong performance occurred yesterday in very busy trading. The Toronto Composite Index ended 3.9 higher at a 1978 peak of 1146.4, while Oils and Gas further advanced by 20.5 to 1454.1. Golds added 9.1 at 1,382.5 and Banks 1.39 at 278.24.

Anglo United Development jumped 75 cents to C$3.65 on an encouraging report on uranium exploration in Ireland.

## Germany

Spurred by a resurgence of both domestic and foreign buying interest, share prices gained ground across a broad front in lively trading, although dealers could give no specific factors to account for the rise. The Commerzbank index closed 6.7 up at 796.9.

Linde led Engineerings higher with a rise of DM 6.50, while Brown Boveri gained DM 4.50 in Electricals.

Among Motors, Daimler Benz advanced DM 3, BMW DM 1.50 and Volkswagen DM 1.30, while Stores had Karstadt DM 5 stronger. Deutsche Bank improved DM 3.10.

Elsewhere, Gelsenberg were unquoted because of the cash-or-shares offer from Veba, DM 2 firmer.

## Tokyo

Stocks displayed a firm bias in further moderate activity, with buying interest concentrated in speculative issues. The Nikkei-Dow Jones Average improved 8.44 to 5,502.11, while volume amounted to 220m shares (210m).

However, the yen's renewed appreciation against the dollar continued to unsettle export-orientated issues, Matsushita Electric shedding Y4 to Y728, Pioneer Electronic Y40 to Y1,770, TDK Electronic Y10 to Y2,020 and Toyota Motor Y3 to Y987.

Kokusai Denshin Denwa rose Y120 to Y4,190, Karen Chemical Y100 to Y1,180, Shindengen Electric Y50 to Y770, Koatsu Gas Kogyo Y46 to Y325, Chugai Kogyo Kaisha Y45 to Y625, Yamato Kogyo also Y45 to Y830, Nippon Hodo Y40 to Y1,150, Nippon Telecommunications Construction Y30 to Y2,850 and Nippon Road Y29 to Y617.

## Paris

An easier tendency again prevailed in quiet trading, with operators awaiting the outcome of the debate on the capital gains tax in the National Assembly.

Cie Bancaire retreated 6.7 to FFr 318.1, Cit Alcatel 17 to FFr 1,090, Carrefour 15 to FFr 1,575, Aquitaine also 15 to FFr 493, and Peugeot-Citroen 2.5 to FFr 365, but firm spots included Poclain, up 6.5 at FFr 223, and Paribas, 1.5 harder at FFr 160.3.

## Hong Kong

After Tuesday's easier trend on profit-taking, market resumed its advance in reduced but still active trading to finish sharply higher. The Hang Seng index recorded a rise of 14.49 at 528.28, its best level since November 26, 1973, when it closed at 548.80. Turnover on the four exchanges totalled HK$143.23m (HK$182.73m).

Jardine Matheson rose 70 cents to HK$15.40, Hong Kong Bank 50 cents to HK$17.50, Hutchison Whampoa and Swire Pacific 40 cents each to HK$5.80 and HK$7.50 respectively, Hong Kong Land 25 cents to HK8.95, and Wheelock 10 cents to HK$2.825.

## Australia

Markets lost their upward momentum yesterday and closed mixed, dealers noting profit-taking and a falling-off of buying interest, particularly from overseas.

Coal shares, however, further strengthened, Coal and Allied adding 13 cents at A$3.95, Bellambi 10 cents at A$5.30, Thiess 8 cents at A$2.75 and Oakbridge 5 cents at A$1.87.

Elsewhere in Minings, BH South was a star performer, jumping 15 cents to A$1.20 and closing with a buying bid of A$1.25, giving rise to another crop of take-over rumours. The rest of the base metal miners, however, were generally easier.

North BH reacted 10 cents to A$1.37, CRA 6 cents to A$2.52, MIM 9 cents to A$2.23, and Bougainville Copper 6 cents to A$1.28.

Western Mining came back 4 cents to A$1.65 after the recent advance on its copper find in Victoria.

Uraniums were mixed, Peko-Wallsend losing 8 cents to A$5.60 but Pancontinental improving 10 cents more to A$15.60.

There was little fresh interest shown in Oil Shale issues, Southern Pacific Petroleum receding 10 cents to A$2.55. Oil leaders lost some ground in light trading, while Beach Petroleum shed 4 cents to 50 cents.

## Johannesburg

Gold shares were selectively firmer, with afternoon interest from London evident. Trading was moderately active.

Diamond issues advanced, with De Beers rising 7 cents to R6.17 and Anamint R1.50 to R65.50.

Coppers were unaffected by reports of a South African troop build-up on the Zambian border, dealers said, although Messina lost 6 cents to R1.50.

Industrials recorded further widespread gains, AMIC adding 20 cents at R9.70 and Premier Milling 7 cents at R5.50.

## Switzerland

Prices moved slightly ahead in moderate trading, underpinned by the Swiss Commission for Economic Affairs' favourable report on the outlook for the economy.

Trading in Cia Italo-Argentina de Electricidad SA resumed after its suspension on Monday which followed news of the planned nationalisation by the Argentine Government. The stock opened at SwFr 142 and closed at SwFr 188, compared with last Friday's close of SwFr 132.

## Brussels

Firmer-inclined in moderate activity, with sentiment helped by the Central Bank's decision to leave official key lending rates, discount and Lombard, unchanged.

Among Non-ferrous Metals, Vieille Montagne rose 45 to BFr 1,595 and Union Miniere 10 to BFr 748. In Chemicals, Gevaert were up 6 at BFr 1,290, while Petrofina, in Oils, advanced 15 to BFr 3,855 during the last minutes of trading. EBES gained 10 to BFr 2,250 in higher Utilities, but major Holdings issues and Steels were unchanged.

UCB receded 6 to BFr 942 on the chairman reporting that group results this year will show little change on last but parent company results will deteriorate.

### WEDNESDAY'S ACTIVE STOCKS

| | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Ramada Inns | 945,100 | 7⅞ | +2 |
| City Investing | 441,300 | 17 | +½ |
| Caesars World | 337,600 | 27½ | +3 |
| American Motors | 343,000 | 6¼ | +⅜ |
| Ford Motor | 335,200 | 46½ | −1½ |
| Del E. Webb | 309,000 | 18⅜ | +1½ |
| Exxon | 291,000 | 46⅜ | −⅝ |
| Bally | 290,200 | 35½ | +½ |
| Sears Roebuck | 276,500 | 23⅜ | — |
| Playboy Enterprises | 225,900 | 17⅞ | +1⅛ |

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. ♦ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas 500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. ☆ Frs 500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. ‡ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

# Indices

## NEW YORK—DOW JONES

| | June 14 | June 13 | June 12 | June 9 | June 8 | June 7 | 1978 High | 1978 Low | Since compilat'n High | Since compilat'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrial | 854.56 | 856.98 | 856.72 | 859.25 | 862.09 | 861.52 | 866.51 (6/6) | 742.12 (28/2) | 1051.70 (11/1/73) | 41.22 (2/7/32) |
| H'me Bn'ds* | 87.89 | 87.68 | 87.60 | 87.50 | 87.79 | 87.83 | 90.66 (4/1) | 87.50 (8/6) | — | — |
| Transport | 229.21 | 229.74 | 230.18 | 230.72 | 231.60 | 231.30 | 231.66 (6/6) | 199.31 (9/1) | 279.88 (7/2/69) | 13.23 (8/7/32) |
| Utilities | 106.16 | 106.02 | 106.36 | 106.86 | 107.10 | 106.94 | 110.98 (3/1) | 102.84 (22/2) | 163.32 (20/4/69) | 10.58 (28/4/42) |
| Trading vol. 000's † | 37,290 | 30,760 | 29,440 | 32,470 | 39,580 | 35,060 | — | — | — | — |

*Basis of index changed from August 24

| | June 9 | June 2 | May 26 | Year ago (approx.) |
|---|---|---|---|---|
| Ind. div. yield % | 5.43 | 5.50 | 5.59 | 4.81 |

## STANDARD AND POORS

| | June 14 | June 13 | June 12 | June 9 | June 8 | June 7 | 1978 High | 1978 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ‡Industrials | 109.96 | 110.15 | 110.07 | 110.52 | 110.67 | 110.76 | 110.89 (6/6) | 95.52 (6/3) | 134.54 (11/1/73) | 3.52 (30/6/32) |
| §Composite | 99.48 | 99.57 | 99.55 | 99.93 | 100.21 | 100.12 | 100.32 (6/6) | 86.90 (6/3) | 125.85 (11/1/73) | 4.40 (1/6/32) |

| | June 7 | May 31 | May 17 | Year ago (approx.) |
|---|---|---|---|---|
| Ind. div. yield % | 4.86 | 5.01 | 4.86 | 4.63 |
| Ind. P/E Ratio | 9.51 | 9.29 | 9.55 | 10.01 |
| Long Govt. Bond yield | 8.43 | 8.51 | 8.42 | 7.65 |

## N.Y.S.E. ALL COMMON

| June 14 | June 13 | June 12 | June 9 | 1978 High | 1978 Low |
|---|---|---|---|---|---|
| 55.88 | 55.91 | 55.89 | 56.08 | 56.20 (8/6) | 48.37 (6/3) |

**Rises and Falls**

| | June 14 | June 13 | June 12 |
|---|---|---|---|
| Issues traded | 1,912 | 1,906 | 1,912 |
| Rises | 794 | 629 | 620 |
| Falls | 685 | 855 | 855 |
| Unchanged | 433 | 422 | 437 |
| New Highs | 132 | 72 | 127 |
| New Lows | 35 | 33 | 36 |

## MONTREAL

## NEW YORK

## CANADA

## GERMANY ♦

## TOKYO ¶

## AUSTRALIA

## BRAZIL

## OSLO

## JOHANNESBURG

## AMSTERDAM

## BRUSSELS/LUXEMBOURG

## PARIS

## SWITZERLAND ♣

## COPENHAGEN ♣

## MILAN

## STOCKHOLM

## SPAIN ♥

## VIENNA

Securities Rand U.S.$0.72½ (Discount of 36.7%)

# EUROPEAN OPTIONS EXCHANGE

# BASE LENDING RATES

# Why Norway is trimming its sails on shipbuilding subsidies

By IAN HARGREAVES, Shipping Correspondent

NORWAY'S RECENT announcement that it is to take a 40 per cent stake in Volvo, the Swedish motor manufacturer, was well timed—at least for the Oslo Government's shipbuilding policy. The connection between what will be the Norwegians' newest manufacturing industry and one of their oldest is simply that as one shrinks, it is hoped that the other will grow to soak up some of the displaced labour.

So the timing of the announcement — neatly sandwiched between the Government's proposals to run down shipbuilding and what is bound to be a sticky parliamentary debate in the Storting on the same subject — has given the Industry Minister a few rounds of defensive ammunition.

*The strategy is to use the* wealth created by North Sea oil and gas to finance the reconstruction of the country's industrial base rather than using oil, as has been largely the case so far, to subsidise key high-cost domestic *industries* in areas such as textiles and shipbuilding against unmatchable competition from the Far East.

At the moment, only the briefest outline of this new strategy is visible, but on shipbuilding, the Government does now appear at least to have made up its mind that the old policy *has no future.*

The old policy probably cost the Oslo Government around £200m last year, although no official figure is available to confirm this. An official inquiry into shipbuilding, however, did *ascertain that on average a 20* per cent subsidy was required for all orders taken by Norwegian yards last year. This suggests a total subsidy level of at least £120m.

The real cost is certainly higher than that after taking into account loan guarantees which may result in losses and, more important, after allowing for the very considerable costs of development aid packages which have been used to market smaller Norwegian vessels in the third world.

Government sources put the *total cost of the development* aid deals involving ships so far at Kr 875m (£87m). There is also likely to be some underreckoning as the result of a remarkable aid scheme last year which sought to encourage small private investors to put their cash into new Norwegian ships in return for tax credits so *generous that some deals were* financially attractive even if the ships purchased had no prospect of profitable employment.

This scheme cost the Government almost £100m in tax credits and, by what is now common agreement, harmed the Norwegian shipowners' reputation for professionalism by *bringing into being a new* group of "shipowners" whose own professional ability lay in high-paid but hardly maritime occupations such as dentistry and the law. Established shipowners also feel that merely to *increase the number of shipping* companies is a retrograde step. With well over 200 such companies already in existence, there is widespread support for the idea of using the pressures of the present recession to force some regrouping and rationalisation.

There is no doubt, though, that last year's State munificence worked. In 1977, Norway's shipyards booked 621,000 compensated gross tons of orders (the agreed measurement showing a ship's work content)—the second best performance in Europe behind only West *Germany, and enough business* to keep most of the yards busy for a year.

*For a number of reasons, it* was a policy which could not last. Principally, pressure from the Finance Ministry to call a halt became too strong. But there has also been a growing acknowledgment from a Socialist administration—which traditionally has more sympathy with shipyard workers than with *the remote and slightly* aristocratic shipowning community—that to fuel shipyard output was to turn the screw further on a hard-pressed shipping industry which in better days used to account for one-*third of Norway's foreign* earnings.

Mr. Hallvard Bakke, Minister *of Commerce and Shipping,* now accepts that the preservation of the shipping industry is a high Government priority and that the change in shipbuilding policy is designed to serve that end.

In *particular,* Mr. Bakke wants Norway to regain its initiative within the Organisation for Economic Co-operation and Development on a concerted approach to reducing world shipbuilding capacity.

Whether Mr. Bakke and his *colleagues will succeed in con*vincing their European colleagues that Norway has at *last swallowed the bitter pill* of retrenchment depends much on the deployment of the proposal now before the Storting.

The proposal stops short of setting any target for reducing *the size of the industry and does* not suggest which of the country's more than 80 yards are no longer viable. The Royal Commission report on which the Government's plans are based mentioned reductions of *between 40 and 50 per cent in* the industry's workforce of 20,000 in a two to three year period.

The Government says that decisions about closures, retrenchments and diversification out of shipbuilding will be left to the individual yards. It argues that the financial climate created in the new policy will not, unlike the old, permit the survival of all.

Under the new regime, the tax-credit device for domestic shipowners is abandoned. Instead, domestic owners will be offered a straight reduction of 10 per cent of the price of any ship ordered in Norway—the Government will pay the yard the 10 per cent—and in addition owners will get 80 per cent delivery credit spread over 12 years with freedom from repayments in the first three years *but at unsubsidised interest* rates.

In addition, the Government *is to top up its development* aid programme with another £10m and provide £5m for research and development in shipbuilding and for costs incurred in companies switching away from building ships.

Norway's shipowners, who, like their colleagues in other European countries, have *howled long and hard against* subsidised production of unwanted ships, believe that the plan is tough enough to have an effect.

For its part, the Government says its measures will reduce from 20 to between 12 and 15 per cent the level of average subsidy per contract.

*Just how the required re*organisation will take place is far from clear and shipbuilders are still in too great a state of shock to have many ideas of their own. The Government does not intend, as was sug*gested in the commission's* report, to take board-level representation in those companies that it puts funds into, but it does intend to channel aid towards the smaller West Coast yards.

This must mean that the first yards to suffer will be, ironic*ally, the larger and* better equipped companies in Eastern Norway and the Oslo Fjord. It is into sites such as these that the Government is thought likely to place its share of Volvo manufacturing and in particular the marine engine side of the Swedish company's business which is to be transferred entirely to Norway.

Even with Volvo, the diversification will not be easy. The obvious *candidate for absorbing* labour and equipment is the offshore supply business. But *Norway's cautious and some*what slower than intended progress in exploration has *restricted scope* in its own sector of the North Sea at the same time as the British authorities have learned increasingly to play the protectionist game in the U.K. sector.

In any case, Norway's biggest shipbuilder, the Aker Group, started its diversification into offshore work in 1974 and last year spent only *31 per cent of* its efforts on building ships.

So with a squeeze on offshore *contracts,* there is intense competition for the next big Norwegian order, the Statfjord oil production platform. Aker's main competitor for this contract is Norway's biggest industrial group, Kvaerner, which *also has slack capacity.*

With almost 9 per cent of its Norwegian workers employed in shipbuilding these are serious problems, justifying the Government's decision to let the air out of the subsidy cushion as *gently as possible. How quickly* it will deflate is hard to judge. It partly depends upon the response Norway receives from the international community when it urges others to follow a similar course.

# U.S. price cuts hit copper

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES fell back on the London Metal Exchange yesterday following news that the U.S. producer, Asarco, had cut its domestic copper price by 2 cents to 65 cents a pound.

It was less than three weeks ago that Asarco led a general increase in U.S. copper prices, which was quickly followed by other producers. Since then, however, values have fallen back sharply on the London Metal Exchange and the New York copper market as a result of speculative profit-taking and lack of consumer demand.

Although traders remain sceptical about Zaire's claim that output has been resumed at an above-average level at the Kolwezi mines, it is generally accepted that the reaction to the Shaba invasion was probably overdone.

Cash wirebars have fallen from a peak of over £778 earlier this month to £723.5 a tonne last night, £13.5 down on the previous close.

Asarco's sudden decision may have been affected by the fact that one of its main rival producers, Kennecott, has abandoned the producer price system and is now basing its prices on the New York market (Comex), where values have fallen in line with the London Exchange.

Duval Mining was quick to follow Asarco's price cut. An interesting point now is whether other producers, notably Anaconda, might be tempted to follow Kennecott's move and switch to the more flexible free market quotation.

U.S. zinc producers are also believed to be considering rescinding recent price increases. National Zinc has already done so, claiming that the other producers had not implemented the increases announced.

Cash zinc lost £5 to £317 a tonne and lead was also depressed by the decline in copper.

However, tin prices continued their upward climb, reflecting the shortage of supplies aggravated by the closure of the Capper Pass smelter because of an industrial dispute. Although some profit-taking sales were triggered by the fall in copper, standard grade cash tin still ended £95 up at £6,905 a tonne.

Meanwhile, Reuter reported from Washington that the House trade sub-committee approved legislation to lift the duty permanently on zinc ores and to continue the suspension of duties for scrap metals such as copper, iron, steel and aluminium until June 30, 1981.

The present duty suspensions for both zinc ores and other zinc materials, and copper and other metal scrap are due to expire on June 30.

The sub-committee Bills are expected to be approved by the full Ways and Means Committee, and then clear Congress.

# Pressure for U.S. sugar curbs

By Our Commodities Staff

PRESSURE ON President Carter to raise U.S. sugar import duties or impose more restrictive import quotas increased yesterday when a group of 21 Senators warned that failure to act at once could lead to a flood of foreign sugar on to the U.S. market.

In a telegram the Senators, led by Idaho Democrat Frank Church, told Mr. Carter the Government might have to acquire "millions of tons" of sugar "just to satisfy those who believe in import quotas for other commodities but not for sugar."

The telegram said Carter administration officials were rumoured to be opposing action on sugar imports "to teach Congress a lesson."

In Brussels, meanwhile, the EEC Commission authorised sales of 45,000 tonnes of white sugar and 1,000 tonnes of raws at its weekly export tender. Last week, 45,800 tonnes of whites and 5,000 tonnes of raws were authorised for export.

The maximum export rebate for white sugar was cut from 25.191 units of account to 25.171 but for raw sugar it was raised from 22.143 to 22.552.

All the white sugar authorised came from France and the raws from the UK.

# UK AGRICULTURE

# Minister in a stew over potato policy

BY CHRISTOPHER PARKES

THE MINISTER of Agriculture has still not decided what to do about managing the UK potato market this year.

He admitted yesterday that he was in difficulties because there was no Common Market regime to take care of the situation for him—an unsavoury position for an anti-marketeer to be in. The best he could offer was a promise of a decision on tactics within the next four or five weeks.

Mr. John Silkin is well and truly trapped between the devil and the deep blue briny. If he announces a guaranteed price for potatoes as usual the farming industry will no doubt rejoice. But there is a strong possibility that such a step would cost the taxpayer dear if a case now before the European Court of Justice goes against Britain.

The court is expected to rule in September on a Dutch exporter's charge that the British ban on imports of maincrop potatoes is against EEC law. If the shipper wins his case then Britain will almost certainly find itself flooded with potatoes from all over the EEC next autumn.

The home-grown crop would be pushed out of the market and would have to be paid for under the guaranteed price arrangements. Support for last year's crop which is now almost totally cleared may yet cost the Exchequer around £20m.—and that for only a relatively modest support operation.

Mr. Silkin's humour has not been improved by the attitude of the farmers who blithely ignored all warnings to reduce their potato acreages this year.

The situation could be eased if the current drought continues and stunts the crop's growth, but the Minister's relatively limited experience in the farm job has already taught him that Britain's weather cannot be relied on as an instrument of policy.

He is also growing restless about the lack of activity in Brussels among officials supposed to be fulfilling the promise made at the Spring price review—that a careful assessment was to be made of the argument for a cut in MCA import subsidies on Danish and Dutch bacon sold into Britain.

"I'm anti-fox," Mr. John Silkin declared yesterday. The Agriculture Minister was commenting on the elevation into the political sphere of the long-running row over blood sports.

His dislike springs from personal experience. Foxes have laid waste to the Ministerial chicken run at least twice, but he is also unhappy about hunting. "I don't think chasing after them with dogs is particularly sporting. In fact, it's rather silly."

If rabies ever arrived in Britain, the thriving fox population would be the main factor in spreading the disease through the country, he warned. As for hare coursing, Mr. Silkin called it "revolting."

The changes called for by Britain Mr. Silkin claimed, would be just enough to bring the pig meat industry in Britain back into profit. "But all I can do at the moment is nag," he admitted.

Meanwhile, the average price of pigs sold in Britain is beginning to fall again and farmers are not expanding their herds. At the same time, feed prices have begun to climb as manufatcurers' cereal costs go up.

There are also delays with two more of the Minister's pet projects. The Northfield Committee, which is to report on the ownership and management of farmland in Britain, is still digging its way through the masses of written and "vox pop" evidence it collected on its lightning tours of Britain and Europe.

Lord Northfield has been asked to get a move on, but release of the findings is not expected until the end of the year.

There may be some consolation for those anxiously awaiting Lord Northfield's report. Mr. Silkin at least expects his study to be "probably the most comprehenseive since the Doomsday Book."

What the Minister calls "Son of Food from our Own Resources"—the sequel to the ill-fated 1975 farm policy White Paper—is also jammed in the works. Evidence from 80-odd sources is still being sifted, although results are expected shortly and the publication date has been tentatively set for some time during September.

The National Farmers' Union did not help progress when it asked to withdraw its first batch of evidence for amendment. The Ministry received Mark II last month.

Mr. Silkin stressed that while he hoped the report would be republished as a formal White Paper, he intended that it should be reveiwed and possibly updated every year or so.

The main trouble with the first paper was that it was incorrect, he admitted. It also appeared to have been "inscribed in tablets of stone"—which left no room for manoeuvre when the weather and the collapse of sterling made nonsense of its forecasts and pronouncements.

# Aluminium futures plan opposed

BY ADRIAN DICKS

DUSSELDORF, June 14.

WEST GERMANY'S leading aluminium producer, the Government-owned Vereinigte Aluminium-Werke (VAW), sees little need for the London Metal Exchange's proposed aluminium futures contract. The company fears that by accentuating price volatility, it could have an unsettling effect.

Herr Rudolf Escherich, VAW chairman, claimed that as little as 2 per cent of the aluminium traded internationally was subject to the present free market price mechanism. Aluminium had benefited from the overwhelming influence of long-term contract prices, and had gained business from other metals precisely because consumers wanted to avoid the very severe fluctuations of recent years.

As a result, he forecast that the LME contract might be merely an "irritant" to the world aluminium trade if prices were to fluctuate severely on a relatively small volume of physical metal changing hands. Herr Escherich doubted that the initial volume of trading would be much greater than that at present taking place in the free market, where shifts in the major producers' own prices were, he said, still the most important single factor.

However, Herr Escherich did concede that the LME could fulfil a more important role in the aluminium trade if it could succeed in persuading larger volumes of metal to be sold through it, such as the output from the new smelters under construction in the Gulf states. This would not be the case if Eastern Europe remained the main source of supply to the free market, Herr Escherich said.

He cast doubts on the ability of East European producers to meet an acceptable quality standard consistently enough to make an expanded free market a reliable source of metal for most consumers.

Our Commodities Staff writes: London traders claimed that aluminium sold at free market values, rather than the producer price, was much greater than the 2 per cent claimed by Herr Escherich. They thought a more likely figure was 10 per cent, although the amount varied according to market conditions. In times of shortage, for example, the free market share might well go up to 15 per cent.

No definite date has been set yet for the launching of the Metal Exchange's aluminium market, although it is hoped to be established during the last quarter of this year, possibly before the Metal Exchange annual dinner at the end of October.

Quality specifications for the contract will be laid down as with other LME markets and there seems no reason why Eastern European suppliers will not meet these specifications as they do with existing metals.

# New grain variety in China

By Our Own Correspondent

PEKING, June 14.

CHINESE agricultural scientists have developed a new grain variety which is resistant to cold, drought, poor soil and crop disease.

The new seed—octoploid triticale—is a cross between wheat and rye. Scientists claim after several years of breeding and experimental planting that the seed yields 20 to 30 per cent more grain than either parent, has high nutritional value and tastes like wheat.

The New China News Agency reports that triticale was successfully grown on more than 26,000 hectares of arid cold mountain land in north-west and south-west China last year.

The agricultural scientists believe that the development of triticale will enable much arable land in China's cold mountain regions to be used, increasing national grain production and improving living standards in rural areas.

# Meat supply down 1%

By Our Own Correspondent

THE REDUCTION in meat supplies this year is now expected to be as little as 1 per cent, the Meat and Livestock Commission said.

Total supplies of beef, veal, mutton, lamb and pork are expected to be down by 3 per cent on last year, but there will be increased supplies of bacon and poultry meat.

Home beef production for the whole year is expected to be slightly up on last year—at 1,010,000 tonnes.

# India prepares to meet locust threat

NEW DELHI, June 14.

THE INDIAN Government's plant protection organisation has swung into action to deal with the possibility of a large-scale locust invasion into Western India.

Reports of locust sightings were received earlier this week from Western Gujarat, and swarms have now been seen in Banaskanta district in Gujarat, close to Rajasthan.

Senior officials of the Locust Control Organisation and the Directorate of Agricultural Aviation have gone to Gujarat and Rajasthan to monitor the situation from day to day and to keep alerted the governments of the neighbouring states of Maharashtra, Madhya Pradesh, Rajasthan Haryana, and Punjab. Reuter

# UK scrap metal export protest

BY OUR COMMODITIES EDITOR

FREEDOM to export more non-ferrous scrap metal to countries outside the EEC is to be urged by merchants at a meeting with the Department of Industry next week.

Mr. Irving Graham, president of the British Secondary Metals Association, told the association's annual dinner in London that they were very disappointed with the increased export quotas announced earlier this month.

Although these were 50 per cent higher than previously, British merchants were still at a considerable disadvantage compared with traders in other EEC countries, who had much larger export quotas.

This was totally unjust, he said. It meant simply that Continental traders were able to buy from Britain and then export to third countries scrap metal which UK merchants were not allowed to sell outside the Community.

Exports of non-ferrous scrap metal have traditionally been controlled by the UK Government as a legacy from wartime. It is feared that once dealers were given freedom to export this valuable source of raw materials—often described as the domestic "mine"—the metal would be sold abroad at higher prices and denied to the UK industry.

However, when Britain joined the EEC, the Government was forced to allow exports of non-ferrous scrap metals to fellow members of the Community.

But under pressure from consumers, the UK Government has not taken full advantage of the more generous export quota system operated by the EEC. It has failed to apply for its full share of the available quotas, much to the merchants' fury.

# Spanish wine price raised sharply

BY A CORRESPONDENT

SPANISH WINE producers have been granted an increase of 42.8 per cent in the basic price for their product, but are far from satisfied.

Steep as the rise may be, the producers say it goes only some way towards catching up with inflation in recent years and they claim the basic price is still below the cost of production.

The new figure of Pts110 a "hectogrado" was agreed after negotiations between producers and government, and represents a slight success for the growers because the administration had been out to settle for no more than Pts100.

The negotiators' difficulty was to reach a figure that would cover costs while not further aggravating the industry's loss of competitiveness in export markets.

Already, because of export shortages in the past two seasons, and the lower prices being accepted by competitors, Spain has suffered a loss of sales which, according to the president of the Wine Exporters Group, may be impossible to recover.

In the first two months of this year, Spain was able to sell abroad only 12.5m litres of wine, or less than half the quantity for the same period last year.

It was in the hope of averting a shortage, and helping to contain prices, that the Government decided two months ago to permit imports of red wine from the Argentine—a decision greeted with violent protests.

Wine that entered Spain from Argentina before the Government withdrew or suspended the import licences has now been blended with Spanish produce, and re-exported to several African countries and Sweden.

# COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Sharply lower on the London Metal Exchange. A lower trend on overnight Comex saw forward metal open easier at £752 and fall away to £745 before it rallied well to touch £755 reflecting some good physical demand from one quarter. Stop-loss selling on Comex subsequently lowered the price here to around £750 in the afternoon and this selling intensified following news that Asarco had cut its producer price by 2 cents, with forward metal dropping to £743 on the late kerb. Turnover 36,600 tonnes.

| COPPER | a.m. Official | + or — | p.m. Unofficial | +or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 731.5-2 | —1.5 | 723-4 | —13 |
| 3 months | 754-.5 | —1.5 | 745.5-6 | —13.5 |
| Settl'm'nt | 732 | —1.5 | — | ..... |
| Cathodes | | | | |
| Cash | 725.5 6 | —1.25 | 718 9 | —12.5 |
| 3 months | 747.5-8.5 | —1.5 | 740-1 | —12 |
| Settl'm'nt | 726 | —2 | — | ..... |
| U.S. Smt. | — | ..... | *66.5-68 | ..... |

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £732.5, 32, three months £755, 56, 55, 54.5, 54, 54.5. Cathodes cash 725.5, three months £748. Kerb: Wirebars, three months £754, 54.5, 55. Afternoon: Wirebars: three months £750, 49, 48, 47, 48, 45.5, 45, 45.5, 46. Cathodes, cash £719. Kerb: Wirebars, three months £746, 46.5, 46, 45, 44, 43, 43.5.

TIN—Higher again following a further rise in the Penang price and on continuing consideration of the Capper Pass force majeure declaration which widened the backwardation to £150 at one point. Forward standard metal opened higher at £6,740 and rose to a high of £6,750 before profit-taking and bull liquidation, prompted by the sharp decline in copper left the price at £6,740 on the late kerb. Turnover 2,015 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | +or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 6910 200 | +12 | 6900-10 | +90 |
| 3 months | 6770 90 | +80 | 6770 90 | +65 |
| Settlem't | 7020 | +18 | — | ..... |
| Standard | | | | |
| Cash | 6890 900 | +102 | 6900-10 | +95 |
| 3 months | 6750-60 | +80 | 6765-70 | +65 |
| Settlem't | 6900 | +105 | — | ..... |
| Straits E. | £1748 | +27 | — | ..... |
| New York | — | ..... | — | ..... |

Morning: Standard, three months £6,770, 59, [illegible]. Kerb: Standard, three months £6,750, [illegible], 40.

LEAD—[illegible] downturn [illegible] £322 and [illegible] ward metal [illegible] close at [illegible] 7,100 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | +or — |
|---|---|---|---|---|
| Cash | [illegible] | [illegible] | [illegible] | [illegible] |
| 3 months | [illegible] | [illegible] | [illegible] | [illegible] |
| Sett'm'nt | [illegible] | [illegible] | [illegible] | [illegible] |
| U.S. Spot | [illegible] | [illegible] | [illegible] | [illegible] |

Morning: [illegible] months [illegible] Cash £306 [illegible] 10, 18.5 [illegible]

ZINC—Lost ground influenced by the trend of copper and lead. Forward metal traded quietly around £329 throughout the morning, but fell back in the afternoon to close at £327 on the late kerb. Turnover 3,325 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unofficial | +or — |
|---|---|---|---|---|
| Cash | 317.5-8 | —3.5 | 316.5-7.5 | —5 |
| 3 months | 328-.5 | —3 | 327.5 8 | —4.75 |
| S'ment | 318 | —3.5 | — | ..... |
| Prim. West | — | ..... | *30-31 | ..... |

Morning: Cash £317.5, three months £329. Kerb: Three months £328. [illegible] Three months £328, 27, 28. Kerb: Three months £32[illegible]

* Cents per pound. † On previous unofficial close. ‡ SM per picul.

## SILVER

Silver was fixed 4.43p an ounce higher for spot delivery in the London bullion market yesterday at 290.7p. U.S. cent equivalents of the fixing levels were: Spot 532.9c, up 6.5c; three-month 541.3c, up 6.3c; six-month 550.6c, up 6.5c; and 12-month 569.9c, up 6.6c. The metal opened at [illegible] and closed at 290.7-291.7p [illegible].

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 290.7p | +4.45 | 290.3p | +1.85 |
| 3 months | 295.5p | +4.55 | 298.05p | +1.95 |
| 6 months | [illegible] | +4.7 | — | ..... |
| 12 months | [illegible] | +4.6 | — | ..... |

LME—Turnover 109 (116) lots of 10,000 ozs. Morning: Three months 298.5, 8.4, 8.3, 8.5, 8.6, 5.5. Kerb: Three months 298.5, 8.6. Afternoon: Three months 298, 97.8, 98.3. Kerb: Three months 298, 97.8, 7.6, 7.5.

## COCOA

Light Commission House selling caused the market to close near the day's lows after trading in a narrow range all day in thin volume, Gill and Duffus reported.

| COCOA | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| No.6 Con'r't | | | |
| July | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] |

Sales: 1,[illegible] lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound)—Daily price June 13: 132.75 (131.70). Indicator prices June 13: 15-day average [illegible]; 22-day average 133.50 [illegible].

## COFFEE

ROBUSTAS traded for most of the day in the established range £1,670-£1,720, basis September, Drexel Burnham Lambert reported. Trade selling at the bottom of the range, however, forced values through support levels at the close, and heavy stop-loss liquidation caused the market to finish at the lows, £40 lower on balance.

[illegible]

## GRAINS

[illegible]

## RUBBER

[illegible]

## JUTE

[illegible]

£27.[illegible], £27.95, £27.71 for the respective shipment periods. Yarn and Cloth very quiet.

## SOYABEAN MEAL

The market opened 70p lower following Chicago. The price drifted lower on long liquidation anticipation of lower Chicago opening and stop-loss selling [illegible]

[illegible]

## SUGAR

[illegible]

## WOOL FUTURES

[illegible]

## MEAT/VEGETABLES

[illegible]

COVENT GARDEN (Prices in sterling per package except where stated): Imported produce: Oranges—Cypriot: Valencia Lates 15 kilos 3.50-5.00; Moroccan: 4.00-4.20; Californian: 4.00-4.50; S. African: Navels 3.55-4.60. Lemons—Italian: 100 120's new crop 4.40-4.50; Spanish: Trays 1.20-1.50, Large boxes 3.00-4.00. Grapefruit—Cypriot 20 kilos 3.20-4.00; S. African: 27/72 3.40-4.45; Jaffa: 20 [illegible]

## VEGETABLE OILS

[illegible]

## Kenya seeks coffee aid

THE KENYAN Government is asking the World Bank for a £30m loan for a coffee rehabilitation programme.

A team of World Bank experts is now touring Kenya's coffee-growing areas to make a detailed appraisal of the industry's needs.

If the loan is approved the bulk of the funds would be channelled to small-scale coffee farmers as seasonal credits to improve productivity. But the programme is planned as a comprehensive one for the whole coffee industry.

The aim is to raise coffee yield from the 741 kg per hectare, recorded in the 1976-77 season, to 900 kg per hectare. The World Bank team, led by Mr Jan Wijnands, is inspecting coffee processing facilities, supplies and studying general farm management requirements.

## COTTON

LIVERPOOL COTTON—[illegible]

## PRICE CHANGES

Prices per tonne unless otherwise stated.

[illegible]

## INDICES

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

## U.S. Markets

## Collapse by copper as metals fall

NEW YORK, June 14.

COPPER collapsed on aggressive local selling and Commission House liquidation following a 2 cent reduction in the domestic producer price, Bache reports. Precious metals fell sharply following a steady U.S. dollar and the general price decline in most commodities. Sugar again established new life of contract lows on renewal of Commission House selling.

Cocoa—July 122.50 (123.25), Sept. 125.70 (129.40), Dec. 124.70, March 122.20, May 120.40, July 118.85, Sept. 117.30. Sales: 425.

Coffee—"C" Contract: July 166.75-167.50 (166.15), Sept. 156.00-157.00 (156.95), Dec. 138.00, March 130.50-132.00, May 125.00-126.50, July 129.90-130.00, Sept. 126.00-128.00. Sales: 302.

Copper—June 59.20 (61.40), July 59.50 (61.70), Aug. 60.10, Sept. 60.60, Dec. 62.10, Jan. 62.60, March 63.60, May 64.60, July 65.60, Sept. 66.60, Dec. 67.60, Jan. 68.30, March 69.50. Sales: 14,000 lots.

Cotton—No. 2: July 60.20-60.40 (59.70), Oct. 62.40-62.65 (61.55), Dec. 64.10-64.30, March 65.15-65.30, May 65.85-66.00, July 66.75-66.60, Oct. 66.10-66.50. Sales: 5,050 bales.

*Gold—June 182.20 (182.70), July 183.00 (184.40), Aug. 185.00, Oct. 187.50, Dec. 190.60, Feb. 193.60, April 196.60, June 199.60, Aug. 202.60, Oct. 205.60, Dec. 208.60, Feb. 211.70, April 214.80. Sales: 6,175 lots.

†Lard—Chicago loose not available. NY prime steam 24.00 traded (24.25 nom.).

†Maize—July 255½-255½ (257½), Sept. 256½-257 (259½), Dec. 258½-259½, March 26[illegible], May 26[illegible], July 2[illegible].

§Platinum—July 249.40-250.20 (249.50), Oct. 252.50-252.70 (252.50), Jan. 254.50, April 257.40-257.60, July 260.00-260.20, Oct. 262.20-262.50, Jan. 265.10-265.70. Sales: 1,555 lots.

*Silver—June 524.40 (529.20), July 526.70 (532.50), Aug. 530.20, Sept. 533.90, Dec. 545.60, Jan. 549.60, March 557.60, May 566.40, July 575.20, Sept. 584.10, Dec. 597.60, Jan. 602.20, March 611.60. Sales: 15,000 lots. Handy and Harman spot bullion 529.00 (527.90).

Soyabeans—July 6[illegible] (685½), Aug. 6[illegible] (673½), Sept. 641, Nov. 617-619, Jan. 621-622, March 629, May 6[illegible], July 6[illegible].

[illegible]

I.G. Index Limited 01-351 3466. Three-month Tin 6715-6775
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# CONTRACTS AND TENDERS

**Democratic and Popular Republic of Algeria**

MINISTERE DES INDUSTRIES LEGERES
SOCIETE NATIONALE DES INDUSTRIES DE LA CELLULOSE
INTERNATIONAL INVITATION TO TENDER
NOTICE OF EXTENSION OF TIME

Société Nationale des Industries de la Cellulose (SONIC) informs international companies and firms interested in the International Invitation to Tender which was launched at the beginning of February 1978 for the setting-up of a factory in Sedrata to produce cellulose and paper products that the date limit for sending tenders, formerly fixed for May 30, 1978, has been postponed to June 30, 1978.

*Information from:*
SONIC, 64 Rampe Ali Haddad, El-Mouradia, Algiers.
Tel: 66.38.00-01.04 — Telex: 52.933

# ART GALLERIES

# BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

## Finance for Growing Companies

If you are a shareholder in an established and growing company and you, or your company, require between £50,000 and £1,000,000 for any purpose, ring David Wills, Charterhouse Development. Investing in medium size companies as minority shareholders has been our exclusive business for over forty years. We are prepared to invest in both quoted and unquoted companies currently making over £50,000 per annum pre tax profits.

**CHARTERHOUSE**

Charterhouse Development, 1 Paternoster Row, St. Pauls, London EC4M 7DH. Telephone 01-248 3999.

## Private Company seeks Mortgage

against first charge on factory/office building. £90,000 required representing 60% of current valuation. Sub tenant personally guaranteed rental income of £12,000 p.a. Would consider preference loan stock with salary to investor as Consultant if appropriate.

Terms, etc., negotiable to provide most realistic arrangement to suit both parties. Funds or trusts naturally considered but individual is likely to be able to create the most favourable terms.

Write Box G.2097, Financial Times, 10, Cannon Street, EC4P 4BY.

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Preferably with branded products
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Medium firm based in the City with attractive offices, has vacancies for Members with good Private Client business. We would be interested to hear from small team or individuals.
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## GULFSTREAM II AVAILABLE IMMEDIATELY WITH NEW I.T.C.

This is a unique opportunity to take delivery of a new Gulfstream II (S/N 216) in only weeks instead of years. Aircraft is nearing outfitting completion with full complement of dual avionics, primarily Collins, plus dual Delco Carousel IV-A INS, Global VLF Omega, RCA Primus color radar, other advanced systems and instrumentation. 12-passenger configuration includes full-service galley refreshment center, lavatory, walk-in baggage area. Handsome interior combines earth tones plus charcoal and gray, accented by red carpeting. Exterior paint scheme can be determined by new owner. All-inclusive Gulfstream II purchase package includes factory warranty, crew training, Grumman American Computerized Maintenance Program. Flight management contract available, extremely favorable insurance already arranged.

**For complete specifications and price, please call Gulfstream International Sales, (912) 964-3292, or write:**

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## ESTABLISH IN THE U.S.A.

To assist U.K./European Mfrs., etc., to establish in America a complete service is offered.

- Market Evaluation.
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Telex: ITT 423957

## WE WILL BUY OR ADVISE COMPANIES WITH HEAVY TAX LIABILITIES

**Above average price paid where purchase is appropriate**

Write in complete confidence to Box G.2054, Financial Times, 10 Cannon Street, EC4P 4BY.

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Copywriting, Translation and Typesetting for Advertisements, Point of Sale, Brochures,
Contact: David Mealing
Pan-Arab Publications Limited
**01-439 3303**

## BIRMINGHAM INTERNATIONAL IDEAL HOMES SHOW AUGUST 1978

Englishman working in Import/Export is very anxious to exhibit a Louis XV style bedroom suite in participation with company who will be exhibiting.

*For details write:—*
A. Duxury,
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Madrid 16, SPAIN.

## LIMITED COMPANIES

FORMED BY EXPERTS
FOR £78 INCLUSIVE
READY MADE £83
COMPANY SEARCHES
EXPRESS CO. REGISTRATIONS LTD.,
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01-628 5434/5/7361, 9936.

## Pauline Marks Ltd. PHONESELL

**Pauline Marks Ltd. are now operating the first full-time telephone selling service operated totally in-house by full-time people.**

**Tel: 01-348 4294.**
**40 Tottenham Lane, London N8.**

## BUSINESS OPPORTUNITIES

£20,000 required: Offer participation for commercialising Artesian Well as aqua pura. Output 30 gal. per min. Confirmative Laboratory Report. Estimated high revenue on bottling. Every facility for participant to inspect and test. Sale and distribution contacts invited. *Reply —*

**Rooksbury Mill Estate, Andover, Hants.**

## COMMERCIAL FUNDS

10 year mortgages and remortgages available at 3%-4% over our bankers base rate secured on freehold or long lease properties. Other facilities available.

SKYPORT FINANCE
542 London Road, Isleworth, Middlesex. Tel: 01-560 5416.6

## FRANCE

If you are considering entering this market as a trader or manufacturer or having local problems with existing operation: British Businessman resident in Paris with practical general and commercial management experience offers collaboration to facilitate solutions. Part-time consultancy basis. Short or long term assignments.

*Write Box G.2096, Financial Times, 10, Cannon Street, EC4P 4BY.*

## SOMERSET

Unique self-catering Holiday Site: Guest House and 3 Country Cottages sleeping 16: 8: 5 and 8. Guest House can be sold separately as private residence or convert to flatlets. All services, fantastic views, immaculate condition. Guest House £33,000 (1 acre). Total £80,000 (1 acre). Beautiful gardens.

**Chilton Polden 722094**
after 6 p.m.

## MIDDLE EAST

Highly experienced Commercial Sales Executive with 25 years practical working knowledge within the area offers services. Now available for meetings until August.

*Write Box G.2038, Financial Times, 10, Cannon Street, EC4P 4BY.*

## FOR SALE

Production marketing rights for telephone cost monitors with vast potential. Package includes drawings, completed machines, assistance from present proprietor and hundreds of enquiries.

*Serious enquiries only to Box G 2094, Financial Times, 10, Cannon Street, EC4P 4BY.*

## DESPITE THE RECENT RECESSION

In certain sections of the shipping industry sound long-term investment opportunities still exist. Old established operating subsidiary of major British shipping group can offer one or two investment projects complete with management or will manage your vessels on worldwide basis with same care and thought as entrusted to their own fleet.

Write Box G.1275, Financial Times, 10 Cannon Street, EC4P 4BY.

## FABRICS!

JOB LOTS, CLEARANCE LINES, REMNANTS AND SECONDS

Job lots, clearance lines, remnants and seconds required by large independant specialist Mail Order Company.

*Write with details to Box G.2029, Financial Times, 10, Cannon Street, EC4P 4BY.*

**PUBLIC COMPANY** (manufacturing) would consider part or outright purchase of well managed company with profits in excess of £30,000. Principals only. Strictest confidence. Write Box G.2081, Financial Times, 10, Cannon Street EC4P 4BY.

**START AN IMPORT EXPORT AGENCY.** No capital required. Established over 30 years. Clients in 62 countries. Send large s.a.e.—Wade Dept. F, P.O. Box 9, Marlborough, Wilts.

## Silver Shield

24 HOUR MOBILE WINDSCREEN REPLACEMENT SERVICE

Silver Shield are expanding rapidly, and are now seeking highly-motivated and enthusiastic licensees in:—

BIRMINGHAM BOURNEMOUTH OXFORD
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Suitable licensees will receive the benefits of total organisation, strong corporate identity, in fact we organise YOU. We train you—and you walk into a turn-key operation. Interested individual and businessmen with £10,000 to invest, should contact:—

**Silver Shield, Lidgra House, 250 Kingsbury Road, London NW9 or telephone:— Sylvia Jones on Burgh Heath (07373) 60818.**

## MARINE ENGINEERING PROJECT OFFERED

Designed for production, if necessary, under primitive conditions. Comprises designs and construction plans for 33 metres proved high-speed, sea-going, steel patrol boats. Seven-figure orders being offered. Deserted due to illness and incapacity to handle.

Premises (South Coast), skilled technicians and exclusive propulsions could be made available. Cost/sale margins exceptional. Prince range (according to requirement) £55,000/£450,000. Write Box G.2103, Financial Times, 10, Cannon Street, EC4P 4BY.

## MIDDLE EAST

For full business details on over 6,000 major companies in the Middle East and 20,000 top-level personal contacts—use the brand new MAJOR COMPANIES OF THE ARAB WORLD 1978/79 and MAJOR COMPANIES OF IRAN 1978/79. Now in their third editions. Write or phone for details:—

**GRAHAM & TROTMAN LIMITED,**
**14 Clifford Street, London W.1.**
**01-493 6351**
**Telex: 21879/25247 (Grahamco)**

## CAR REFINISH PAINTS

**Cellulose Primer Surfacer £30.00 per drum, approx. 150 lts. per drum. Assorted various cellulose colours £30.00 per drum.**

*Plus carriage. Material in perfect condition.*

**Brilliant White Gloss £3.50 per 5 lts. Brilliant White Vinyl Silk £3.00 per 5 lts. Brilliant White Masonry Paint £3.00 per 5 lts.**

*Plus carriage. Direct from manufacturer, discount for large orders.*

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## WAREHOUSING AND DISTRIBUTION

International company with branches in France and Denmark has capacity for warehousing and distribution. Based in Kent. Manufacturers requiring these facilities are invited to contact Box G.2095, Financial Times, 10, Cannon Street, EC4P 4BY.

## Seychelles

Bungalow type hotel development in choice area, a safe tax-sheltered investment, excellent economics, developer invites equity participation. Write Box F.1024, Financial Times, 10, Cannon Street, EC4P 4BY.

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TO ALL COMPANY DIRECTORS TRANSPORT MANAGERS AND PRIVATE CAR OWNERS

Are you obtaining the best price for your low-mileage prestige motor-car? We urgently require Rolls-Royce, Mercedes, Daimler, Jaguar, Vanden Plas, BMW, Porsche, Ferrari, Maserati, Lamborghini, Jensen Convertible, Rover, Triumph and Volvo cars.
**Open 7 days a week**

**Collection anywhere in U.K. Cash or Bankers draft available. Telephone us for a firm price or our buyer will call.**

**ROMAN OF WOKING LTD.**
**Brookwood (04867) 4567**

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RELEASE YOUR OWN CASH BY DISCOUNTING YOUR INVOICES
95% paid by return on approved accounts
Phone Bolton (0204) 693321
Telex 63415
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Silverburn Finance (U.K.) Ltd.

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*Since 1964 we have provided a confidential service for Vendors and Purchasers*
TWENTY-TWO
instructing Clients require a wide range of profitable Companies with earnings of £50,000-£1 million pre-tax. *Contact us at:—*
01-935 3168
*or write to:—*
ST. MARTIN-LE-GRAND SECURITIES,
71 Baker St., London W.1.

## MALAYSIA

Established Malaysian Company seeks suppliers of plant and machinery which would be used in the recovery of metals or other products from domestic and industrial waste. Representative visiting United Kingdom mid-July.

*Write Box G.2105, Financial Times, 10, Cannon Street, EC4P 4BY.*

## PUBLIC COMPANY

With large turnover and high profit margin interested to extend capital base by merging with company with high assets and low profit margin. *Please reply in confidence to Box G.2106, Financial Times, 10, Cannon Street, EC4P 4BY.*

## IBM ELECTRIC TYPEWRITERS

Factory reconditioned and guaranteed by IBM. Buy, save up to 40 p.c. Lease 3 years from £3.70 weekly. Rent from £29 per month.
**Phone: 01-641 2365**

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Substantial Capital Available for a growing and profitable company.
Minority Shareholding envisaged.
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**EX PUBLIC CO CHAIRMAN** has £200,000 family trust funds for residential property investments large or small. Immediate decisions T. Pothecary 253 Streatham High Road, SW16. 01-769 2066.

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## HERRING AND CO.

WILL SELL BY TENDER THE MODERN EARTHMOVING, VEHICLE & PLANT FLEET:
OF
**JOHN R. BILLOWS LTD.**
COMPRISING:

3-D8K (1976/77) 500-2500 hrs. Tilt Dozers Rops Cabs. CCU: 22A with Winch Dozer. 463. 435. + Cat. 70 Scrapers. 955L (1976) 2500 hrs. 3 x 951 B + C. Cat. 215 (1976) + 225. Poclain RC200. TCS, + Liebherr Excavators. 2 x Ford 550 Digger Loaders (1976). Cat. 966. 950 (1976). 920 (1977). 910. (Volvo 1240. 846. 640). New Fiat Allis 345B Wheeled Loaders. 4 Volvo N10 6 x 4 Dump Trucks (1975/6). Volvo 6 x 2 + 4 x 2 Tippers, Alloy Bodies. 2 30 Ton Low-loaders, right + left hand drive. Service Vans. Pick-up Trucks, Range and Land Rovers. + Mercedes cars, Mini Bus, Welders. Excavator and Side-tip Buckets, Timber Grabs, Forks. Cat. + Volvo Spares. Workshop Tools.

AT "UPLANDS FARM," LODDINGTON, KETTERING, NORTHANTS.
19TH-22ND JUNE
*Full details from:—*
HERRING & CO.,
3, White Hill, Chesham, Bucks. Tel: 02405 3928/2523
*Catalogues available on site.*

*This is one of the most modern and best maintained fleets in the East Midlands.*

## GENERATORS

Over 400 sets in stock
1kVA-700kVA
*Buy wisely from the manufacturers with full after sales service*
CLARKE GROUP
01-986 8231
Telex 897784

**FORK LIFT TRUCK SALE.** We have a large selection of approximately 120 trucks to choose from. Ring now for our list. Trade & export enquiries welcomed. Large reduction on bulk purchases. Deliveries arranged worldwide. Birmingham Fork Lift Truck Ltd., Hams Rd., Saltley, Birmingham B8 1DU. Tel: 021-327 5944 or 021-328 1705, Telex: 337052.

## LOW COST HYDRAULICS

- As a company specialising in the manufacture of low cost hydraulic units we are seeking to extend our activities.
- Over recent years excellent relationships have been developed with customers lacking specific hydraulics experience, and a number of successful joint ventures have been brought to fruition.
- Sales this year will exceed £2.5 million and, as a member of a large engineering group, we have at our disposal the usual facilities associated with large organisations.
- However, we sincerely believe in the old adage "large oaks from little acorns grow" and therefore we would be interested in discussing even small projects, provided that there is scope for future long term growth.
- If you would be interested in discussing any potential application in the field of low cost hydraulics, why not contact us and discuss the possibility of a joint venture.

*Write Box G.2110, Financial Times, 10, Cannon Street, EC4P 4BY.*

## FOR SALE BY TENDER

UNIQUE OPPORTUNITY TO ACQUIRE THIS FREEHOLD HOTEL INVESTMENT AND LEISURE CENTRE COMPLEX
in prime position of Bournemouth as a whole

1) Linden Hall Hotel, Christchurch Road (as investment, let at £32,500 per annum; 5 yrs. remain on full repairing and insuring lease).
2) Linden Sports Club, Knole Road, comprising bars, restaurant, swimming pool, gymnasium, squash courts, games room (vacant possession).
3) Forecourt petrol filling station, garage and workshops, Knyveton Road (vacant possession).
4) Staff houses and flats (vacant possession).

Ideal as leisure centre and/or potential redevelopment.
Closing date for Tenders, 12 noon Thursday, 20th July, 1978. *Sole Agents,*
Hotel Department, GOADSBY & HARDING,
Borough Chambers, Fir Vale Road,
Bournemouth Tel. 0202 23491

## NORTH-KENT COAST

FREEHOLD CLUB PREMISES
FOR SALE

Bars, family lounge, cabaret room, restaurant, etc. In all 16,420 sq. ft. Turnover 1977-78 £96,000. Full details, contact Box G.2091, Financial Times, 10, Cannon Street, EC4P 4BY.

# BUSINESSES FOR SALE

## For Sale

A group of companies trading as timber importers and merchants and manufacturers of timber frame houses. Located in East Devon.

Current turnover in excess of £500,000.

*For details contact box G2092 Financial Times 10 Cannon Street EC4P 4BY*

## SPORTSGROUND AND LANDSCAPE CONTRACTORS FOR SALE

Old established private company operating in North of England. Turnover approximately £¼m per annum.

Plant depot and yard of approximately 1½ acres with easy access to motorway network (could be disposed of separately). Past tax losses of £40,000 available.

Write Box G.2096, Financial Times, 10, Cannon Street, EC4P 4BY.

## SMALL PRECISION ENGINEERING AND MACHINE TOOL COMPANY

with extensive plant and skilled workforce (situated Southern England), seeks merger with large organisation. (Outright sale may be considered.) Turnover approximately £55,000 per annum.

Principals only write Box G.2104, Financial Times, 10, Cannon Street, EC4P 4BY.

## DEVELOPERS

(Limited Company)

## FOR SALE

owning land bank with planning permission, valued at about £100,000 and tax losses of around £300,000.

*Principals only please apply to Box G.2042, Financial Times, 10, Cannon Street, EC4P 4BY.*

## WIRE PRODUCTS COMPANY

For Sale T.o. approx £160,000 with spare capacity. Good product lines await exploitation. Good labour force. High growth potential. Located North West.

Write Box G.2109, Financial Times, 10, Cannon Street, EC4P 4BY.

## SMALL SUCCESSFUL SKATEBOARDING COMPANY

Sales of approx. £750,000 per annum, large proportion exported into Europe at realistic prices. Brand leader in its price range. Would suit either aluminium die-casting company or plastic moulding company. At present all work sub-contracted therefore profits never being maximised.

*Please reply to:*
JACKSON VAYRO & CO.,
9 Alma Square, Scarborough, Yorks.
F.T.A.O. Mr. B Leesing

## PLANT HIRE COMPANY

Established Plant Hire company situated SW London for disposal. Available with yard. Will only consider principals.

Write to Box G.2108, Financial Times, 10, Cannon Street, EC4P 4BY.

## TAX LOSS COMPANY

Dealing in securities with agreed trading losses of about £250,000. Still trading and willing to sell with or without present holdings.

PRICE: £19,000
EXF SECURITIES LTD.,
9 Elmcroft Avenue, London NW11 0RS 01-458 5384

## SMALL ENGINEERING FACTORY FOR SALE

Freehold premises, comprehensive plant, turnover £500,000 p.a., location West Midlands.

*For further details apply Box G.2107, Financial Times, 10, Cannon Street, EC4P 4BY.*

## ENGINEERING DERBYSHIRE

Repetitive components with established customers. Freehold premises and land for expansion. Ample machinery. Great potential for increased turnover and profits. Bona Fide only.
Price £42,500
Mr. Giles, Beardsley Theobalds, Chartered Surveyors,
22 Market St., Nottm. 0602 48751

## INVESTAID

UNTRADED LIMITED COMPANY FOR SALE

*Contact:—*
BUSINESS EXPRESS LIMITED,
24 Bank Street, Sheffield S1 2DS.
Phone (0742) 739108

**BUILDERS AND** Manufacturing Joiners in Edinburgh for Sale. A family private company with large central premises. 6 figure capital required, owners retiring. Write Box G.2101, Financial Times, 10, Cannon Street, EC4P 4BY.

# BUSINESSES WANTED

## COMMODITY BUSINESS REQUIRED

An established Merchanting, Manufacturing or Agency Business (with pre-tax profits up to about £100,000 a year) in speciality commodity articles is sought for purchase by an international group similarly engaged in soft commodities.

*Principals are invited to exchange preliminary particulars in confidence through:—*

Mr. Michael Ross, FINNIE ROSS WILD & CO.,
Chartered Accountants, Lee House,
London Wall, London EC2Y 5AX.
01-588 4100

## FASTENER DISTRIBUTOR

Well established Private Company engaged in distribution of industrial threaded fasteners is seeking regional expansion in the South of England, preferably Home Counties, by acquisition of existing distribution business.

Write Box G.2099,
*Financial Times, 10, Cannon Street, EC4P 4BY.*

APPOINTMENTS

# Sir William Mather heads CompAir

Sir William Mather, who joined the COMPAIR board in 1973, has been appointed chairman in succession to the late Mr. N. C. Macdiarmid. Sir William is chairman of Mather and Platt, and a director of the National Westminster Bank and chairman of its North Regional board.

★

Mr. L. C. Lewis has become president of the SOCIETY OF COMPANY AND COMMERCIAL ACCOUNTANTS and Mr. J. K. Poole is the new vice-president.

★

The IMPERIAL LIFE ASSURANCE COMPANY OF CANADA has appointed Mr. J. A. Kempton to the newly-created position of senior vice-president and general manager for Great Britain. Other appointments include Mr. J. B. Purdy, senior vice-president investments, Mr. G. D. Sylvester, senior vice-president marketing, Mr. J. J. Breithaupt, vice-president, systems and research, Mr. R. L. Dunn, vice-president, group insurance and Mr. A. R. Brereton, actuary.

★

Mr. E. P. Beck has been appointed deputy chairman of JOHN MOWLEM AND CO. Mr. A. L. Charlesworth has become managing director and Mr. P. F. Mead, deputy managing director.

★

Dr. David Smith has been appointed chief executive of ESSO CHEMICAL from August 1 and it is expected that he will be elected a director and chairman of the board. He replaces Mr. Michael R. Schimmenti, who has become vice-president solvents and agricultural chemicals, Exxon Chemical Company, U.S.

★

Mr. G. W. Searle has been appointed chairman and managing director of the LONDON AND SCOTTISH MARINE OIL COMPANY in succession to Mr. G. F. B. Grant, who has retired as chairman.

★

Mr. E. F. Bigland has retired as deputy chairman and as a director of the TRADE INDEMNITY COMPANY. Mr. W. G. Haslam has been appointed deputy chairman and Mr. P. R. Dugdale has joined the Board.

★

Mr. G. G. Kluss, manager of INVESTITIONS-UND HANDELS-BANK AG London branch, has been made deputy general manager from July 1.

★

Mr. W. McGhie, company secretary of LEAD INDUSTRIES GROUP has retired and Mr. I. R. McNeil and Mr. T. W. Waller have become joint secretaries.

★

Mr. Gordon Legat has been elected chairman of the CONTINENTAL QUILT ASSOCIATION succeeding Mr. Tom Kay. Mr. Roy Pedley has become vice-chairman.

★

Mr. Christopher Willis has been elected president of the Quantity Surveyors' Division of the ROYAL INSTITUTION OF CHARTERED SURVEYORS, succeeding Mr. David Male. Mr. Willis is also vice-chairman of the Standing Joint Committee responsible for the Standard Method of Measurement.

Sir William Mather

★

Mr. Donald M. Latimer has been appointed an executive director of ESSO PETROLEUM COMPANY with responsibility for marketing from July 1.

★

Mr. Barry Cullum has been elected managing director of SKARPENORD UK, having been general manager since its formation. Mr. Leslie Cunningham, director of Fry's Metals, with Mr. Brian Brooker-Carey as his alternate, have joined the Board of Skarpenord UK.

★

Mr. Ian Gibson has been appointed finance director of AUSTIN-HALL, a member of Pentos Construction Group. He was previously financial manager and company secretary of Crittall Construction.

★

Six appointments have been made to the administrative council of the ROYAL JUBILEE TRUSTS. They are Mr. W. Chalmers, Mr. A. V. Kirwan, Vice Admiral Sir Gerard Mansfield, Mr. A. J. D. Rees, Mr. C. F. Ross and Mr. D. Stevenson. The Administrative Council is responsible for awarding grants from King George's Jubilee Trust and The Queen's Silver Jubilee Trust to projects which meet the aims of the Trusts.

★

Mr. Robert D. Tingey has been appointed controller of financial services, BRITISH SHIPBUILDERS.

★

Mr. Leslie R. Pincott has been elected to the Board of CANADA PERMANENT MORTGAGE CORPORATION, Toronto, Canada, and has also joined the Board of CANADA PERMANENT TRUST COMPANY (UK) as chairman.

★

Mr. Anthony T. Clothier has been elected president of the BRITISH FOOTWEAR MANUFACTURERS FEDERATION for 1978-1979, and Mr. Richard M. Jones has been appointed vice-president.

★

Mr. Michael A. Hovey has been appointed managing director of the PURDY MACHINERY COMPANY.

# COMPANY NOTICES

**GM**

BEARER DEPOSITARY RECEIPTS

## GENERAL MOTORS CORPORATION

Further to the DIVIDEND DECLARATION of 15th May, 1978, NOTICE is now given that the following distribution will become payable to AUTHORISED DEPOSITARIES on and after the 15th June, 1978, against presentation to the Depositary (as below) of Claim Forms listing Bearer Depositary Receipts.

| | | |
|---|---|---|
| GROSS DISTRIBUTION PER UNIT | 7.50 | CENTS |
| LESS 15% U.S. WITHHOLDING TAX | 1.125 | CENTS |
| | 6.375 | CENTS PER UNIT |
| CONVERTED at $1.8425 = | 3.45997 | PENCE PER UNIT |

Barclays Bank Limited,
Securities Services Department,
54 Lombard Street, EC3P 3AH 15th June, 1978

## EUROPEAN INVESTMENT BANK

7¼% 1972/1987 Loan FF 175,000,000

Notice is hereby given to bondholders of the above loan that the amount redeemable on August 1, 1978, i.e. FF 8,750,000 was bought in the market.

Amount outstanding: FF 157,500,000

Luxembourg, June 15, 1978. European Investment Bank

## CANADIAN PACIFIC LIMITED
(Incorporated in Canada)

DIVIDEND NOTICE

At a Meeting of the Board of Directors held today, the following dividends were declared:

ORDINARY CAPITAL STOCK

A dividend of fifty cents (50c) per share on the outstanding $5.00 par value Ordinary Capital Stock in respect of the year 1978, of which twenty-five cents (25c) per share is the proceeds of a dividend from Canadian Pacific Investments Limited, payable in Canadian funds on July 28, 1978, to Shareholders of record as at the close of business on June 27, 1978.

7¼% CUMULATIVE REDEEMABLE PREFERRED SHARES, SERIES A

A dividend of thirty-six point twenty-five cents (36.25c) per share on the outstanding 7¼% Cumulative Redeemable Preferred Shares, Series A, payable in Canadian funds on July 28, 1978, to Shareholders of record as at the close of business on June 27, 1978.

4% PREFERENCE STOCK

A dividend of two per cent (2%) on the outstanding 4% Preference Stock in respect of the year 1978, payable on July 28, 1978, to Stockholders of record as at the close of business on June 27, 1978.

By Order of the Board,
J. C. AMES,
Vice-President & Secretary.

Montreal,
June 12, 1978.

## THE CHILEAN NORTHERN RAILWAY COMPANY LIMITED

5% FIRST MORTGAGE DEBENTURES

Royal Exchange Assurance, Trustees for the above Debentures, announce that £2.625 (less Income Tax at 34p in the £) per £100. Debentures will be paid on and after 30th June, 1978, at Williams & Glyns Bank Limited, Coupon Department, 5-10, Great Tower Street, London, EC3R 5DH. Coupon No. 130 should be deposited with Williams & Glyns Bank Limited, five clear days prior to date of payment.

1st June, 1978.

## EUROFIMA

Société Européenne pour le Financement du Matériel Ferroviaire
Registered Office "Ritterhof" Rittergasse 20
CH-4001 BASLE 1 (Switzerland)

FINAL REDEMPTION OF THE FF. 50,000,000 8¼% 1971-1978 BOND ISSUE

In accordance with the terms of the issue, the 2,500 bonds of FF. 5,000 each outstanding, i.e. a nominal amount of FF. 12,500,000, will be redeemed at par from the 1st of August 1978—ex coupon no. 7 as at 1st of August 1978.

Payment will be made free of charge by any of the undermentioned Paying Agents:—

CREDIT COMMERCIAL DE FRANCE, Paris
BANCA NAZIONALE DEL LAVORO, Rome
BANQUE BRUXELLES LAMBERT, Brussels
CREDIT COMMERCIAL DE FRANCE, Milan
DRESDNER BANK AKTIENGESELLSCHAFT, Frankfurt
KREDIETBANK SA LUXEMBOURGEOISE, Luxembourg
NEDERLANDSCHE MIDDENSTANDSBANK NV, Amsterdam

The following bonds drawn for repayment during the previous drawings have not yet been presented for reimbursement:—

| | |
|---|---|
| 19 and 20 | to the 1st August 1977 |
| 32 to 34 | to the 1st August 1977 |
| 5,059 and 5,060 | to the 1st August 1976 |
| 5,074 | to the 1st August 1976 |
| 5,084 to 5,086 | to the 1st August 1976 |
| 5,704 | to the 1st August 1976 |
| 5,755 to 5,767 | to the 1st August 1976 |
| 6,517 and 6,518 | to the 1st August 1976 |
| 7,009 | to the 1st August 1977 |
| 8,100 to 8,104 | to the 1st August 1977 |
| 8,126 to 8,130 | to the 1st August 1977 |

CREDIT COMMERCIAL DE FRANCE
Financial Agent to the Company

# BOOKS

## Nixon's time

BY JUREK MARTIN

**The Memoirs of Richard Nixon.** Sidgwick & Jackson. £12.50, 1,120 pages

In many ways, the most instructive parts of Richard Nixon's memoirs are those which have nothing to do with either Watergate or foreign policy. This is because they demonstrate that the remarkable paranoia, the often visible "us against them" mentality, permeated down to the most mundane matters. There seems to be, in the former President's eyes, virtually no subject that cannot be reduced to partisan considerations, be it a nomination to the Supreme Court or assistance to poor families, and no subject which did not find a righteous conservative leader skewered by a ruthless coalition of liberal politicians and a liberal Press with scant regard for truth and honesty.

It is strange to find a persecution complex of such unrelieved depth in a man who, after all, spent nearly 30 years in the topmost ranks of American Government and politics. His critics, of course, have always believed this was an integral part of Richard Nixon's make-up but there had been the hope that four years of contemplative exile in California might have brought out in the Memoirs other qualities, perhaps an understanding of the sense and sweep of history, of charity towards ideological and political foe, or even the occasional admission of personal responsibility.

The Memoirs, except when they deal directly with his own immediate family, fail to provide such a leavening and therein lies great fascination. They tend to prove one or both of two theories about Richard Nixon: that he is a deeply flawed personality whose only trusted instinct is to fight and fight aggressively; or that he is a man who has become inextricably caught up in the web of his own self-justification and deceit to the extent that he emerged incapable of seeing the world in any other light.

Those who had fondly hoped that the Memoirs would contain the truth about Watergate or fascinating insights into the great foreign policy initiatives of his Presidency will be largely, if not entirely, disappointed. Nuggets do exist, but they are not easy to find in this 1,120 pages of recollection. This is in part because his prose style is a major deterrent, flat, unemotional, often written without any sense of personal involvement at all and in part because he has elected to discuss his life chronologically, from the very beginning to the bitter Watergate end, rather than by sector or subject. The one saving grace is that at least there is a decent index.

On Watergate, the overriding impression that he leaves is that he never understood that he and his aides had done anything seriously wrong—or anything worse than that perpetrated by his democratic predecessors—and that solving Watergate was essentially a public relations problem. It is intriguing to read that when he first reviewed the infamous "smoking pistol" conversation on June 23, 1972, with Haldeman, disclosure of which ultimately forced him from office two years later, he could really see nothing incriminating in it. In due course, he concluded otherwise but more, it would appear, because others close to him could more readily appreciate its lethal contents. He never destroyed the tapes, he says, because he thought he might one day need them as insurance against turncoat aides such as John Dean, for whom he reserves his ultimate vitriol.

In the Nixon view, loyalty over Watergate was the litmus test. The Press are dismissed as ravaging vultures and the former President does not even deign to mention by name the two Washington Post journalists, Woodward and Bernstein, who uncovered most of the dirt. Elliot Richardson, who resigned as Attorney-General because he would not sack special prosecutor Archibald Cox, is portrayed as weak. Many Congressmen who on the weight of overwhelming evidence, became advocates of impeachment or resignation, are singled out for hypocrisy. The "good guys" are the faithful—Haldeman and Ehrlichman; even after they had left the White House and were facing prosecutions that sent them to jail. Alexander Haig, the chief of staff, Manolo Sanchez, the valet, "Bebe" Rebozo and Robert Abplanalp, the personal friends, and the Nixon family.

And Henry Kissinger, the former National Security Adviser and Secretary of State comes pretty well out of the Nixon Memoirs, having, for the most part, performed the difficult trick of distancing himself from the President on the domestic turmoil while continuing to work hand in glove on Foreign Policy. The president's book is weak in laying out the conceptual thinking that went into the new Foreign Policy overtures to China and the Middle East and the summits with Russian leaders, but we can probably expect Dr. Kissinger's own memoirs to fill that void. Mr. Nixon is rather long on foreign affairs vignettes, which read at times like picturepostcards from a holiday resort and which, it has to be said, are always designed to show himself in the best and most decisive light. Nevertheless, he does leave the impression that for all their vast intellectual differences he and Kissinger worked well together and respected each other.


Nixon: everyone else out of step

But, in the end, what is one to make of this book? By turns, it is grossly partisan, self-serving vindictive, maudlin, narrow and mean-spirited. In part because of these factors, it is also intermittently fascinating. It does not, on balance, add a great deal to the sum of human knowledge about Richard Nixon, and that is both fascinating and unsatisfactory.

If I had to give advice, I would probably follow that being offered by an organisation (in America) which objects to participants in Watergate profiting from their misdeed by literary and other ventures: do not buy the over expensive hard-back copy, but wait until it comes out in paperback or, better still, try the public library. In that way, both conscience and curiosity will be served.

## Sadat's story

BY ANTHONY McDERMOTT

**In Search of Identity** by Anwar el-Sadat. Collins. £6.50, 372 pages

President Sadat's autobiography does not in the end provide the answer to his identity. It shows us how deeply and emotionally rooted he is in Egyptian village life—in particular his birthplace, Mit Abul Kum in the Delta. His intense patriotism comes powerfully across—he maintains that his identity and that of Egypt's were "one and the same thing." It tells us of his schemings and, in the early days, often farcical efforts to have Egypt liberated from the domination of the British, King Farouq, the Russians, and above all the Israelis.

It tells us of his relations with Nasser, whom he portrays with affection but also as a paranoiac and suspicious man, suffering from "intractable inner conflicts" who "died without ever experiencing joie de vivre." He describes how Nasser felt he (Sadat) was safe enough to be selected his sole Vice-President and therefore constitutional successor. There are indulgent musings on his concepts of power, loyalty and love—and yet the real Sadat rather than the skilful poseur never really emerges.

In many ways this is his supreme gift. It was shown at its best in the dignity of his historic address to the Israeli Knesset in Jerusalem last November. Usefully, the speech is given in full in an appendix, and it is striking how subtle it was— aimed at reassuring Israelis of a place in the Middle East while bearing in mind the 150m Arabs outside, many of whom were looking for some treasonable blunder in his words.

At the same time, Sadat got himself into ludicrous scrapes. In 1941 he prepared to launch his first revolution only to find at Mena House just by the Pyramids that no units other than his own had turned up. On the night of the coup itself in 1952, he was at the cinema with his wife. In 1971 he promised that year would be the year of political and military decision—provoking a stream of jokes about presidential decrees extending the calendar indefinitely.

And yet most of his dramatic gambles have worked out: the dismissal of Soviet advisers in 1972; the decision to go to war in 1973 (though some of his military claims are somewhat exaggerated); and perhaps still the visit to Jerusalem if Israel can be persuaded to be less unbending. In each case, he managed to break free spectacularly when others had concluded he was in a cul de sac. He recently went so far as to predict another act of prestidigitation for July 23, the anniversary of the 1952 revolution.

As interesting as the book is in shedding some light on the early days of the Free Officers'


Sadat: actor and patriot

Organisation, the appalling deceptions which led to the smashing defeat by Israel in 1967, Soviet high-handed bullying of Egypt, the 1973 war and the American-backed peace moves, it represents a contradiction. Sadat is not a man of letters nor is he a great thinker, though from some of his anecdotes the reader is obviously expected to conclude the opposite. For him, the philosophical turning-point was isolation in Cell 54 during his imprisonment under Farouq in the late forties. There he was forced "to seek the companionship of that inner entity I call 'self'" and developed, and rationalised, his approach to solving profound problems, personal and political.

But the main point about Sadat, whatever philosophical trappings he may dress up in, is that he is an intuitive politician. And this is reflected in the annoying presentation of the autobiography itself.

In the end it does not do Sadat justice. It is painfully trite and naive at times (what would you expect, cynics might say, of someone, who finds himself through a psychiatrist's article in the Reader's Digest?). It is pretentious (where did he get a book by John Stuart Mill entitled "Totalitarianism, Liberty and Representative Government" from?). He presents his life and progress to the top as if directly guided by God and solely all for Egypt's interests.

## UK ECONOMIC INDICATORS

**ECONOMIC ACTIVITY**—Indices of industrial production, manufacturing output, engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

| | Indl. prod. | Mfg. output | Eng. order | Retail vol. | Retail value | Unemployed | Vacs. |
|---|---|---|---|---|---|---|---|
| 1977 | | | | | | | |
| 1st qtr. | 103.2 | 105.2 | 109 | 103.3 | 216.4 | 1,330 | na |
| 2nd qtr. | 101.9 | 103.0 | 106 | 102.5 | 222.0 | 1,330 | 163 |
| 3rd qtr. | 102.7 | 103.7 | 105 | 104.3 | 234.2 | 1,418 | 151 |
| 4th qtr. | 101.9 | 102.8 | 107 | 104.4 | 239.4 | 1,431 | 157 |
| Dec. | 102.5 | 103.6 | 100 | 106.9 | 246.0 | 1,428 | 163 |
| 1978 | | | | | | | |
| 1st qtr. | 103.6 | 103.9 | | 106.3 | 246.0 | 1,409 | 188 |
| Jan. | 103.2 | 103.4 | 106 | 104.9 | 241.0 | 1,419 | 180 |
| Feb. | 103.9 | 103.9 | 117 | 106.8 | 246.5 | 1,409 | 187 |
| March | 103.7 | 104.5 | | 107.0 | 249.8 | 1,400 | 196 |
| April | | | | 106.7 | 250.3 | 1,387 | 204 |
| May | | | | 109.0 | | 1,366 | 210 |

**OUTPUT**—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

| | Consumer goods | Invst. goods | Intmd. goods | Eng. output | Metal mnfg. | Textile etc. | Housg. starts* |
|---|---|---|---|---|---|---|---|
| 1977 | | | | | | | |
| 1st qtr. | 115.8 | 99.4 | 106.1 | 100.4 | 83.9 | 104.4 | 19.9 |
| 2nd qtr. | 113.4 | 97.6 | 105.2 | 98.8 | 80.5 | 100.2 | 25.1 |
| 3rd qtr. | 115.2 | 97.6 | 104.9 | 99.3 | 83.3 | 100.9 | 25.4 |
| 4th qtr. | 116.7 | 97.2 | 101.4 | 98.8 | 74.8 | 99.4 | 20.7 |
| Dec. | 118.0 | 97.0 | 102.0 | 99.0 | 79.0 | 101.0 | 16.1 |
| 1978 | | | | | | | |
| 1st qtr. | 116.4 | 98.8 | 105.1 | 100.2 | 76.9 | 100.2 | 17.8 |
| Jan. | 116.0 | 98.0 | 104.0 | 100.0 | 76.0 | 99.0 | 17.4 |
| Feb. | 117.0 | 99.0 | 106.0 | 100.0 | 78.0 | 100.0 | 15.3 |
| March | 117.0 | 99.0 | 105.0 | 101.0 | 77.0 | 101.0 | 20.7 |
| April | | | | | | | 25.3 |

**EXTERNAL TRADE**—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

| | Export volume | Import volume | Visible balance | Current balance | Oil balance | Terms trade | Resv. US$bn* |
|---|---|---|---|---|---|---|---|
| 1977 | | | | | | | |
| 1st qtr. | 115.7 | 109.1 | −947 | −493 | −800 | 99.0 | 10.5 |
| 2nd qtr. | 118.0 | 109.8 | −794 | −365 | −745 | 100.3 | 14.9 |
| 3rd qtr. | 124.1 | 106.4 | + 54 | +357 | −602 | 101.0 | 13.4 |
| 4th qtr. | 117.9 | 102.6 | + 45 | +486 | −657 | 102.4 | 20.39 |
| Dec. | 118.9 | 108.1 | − 76 | + 71 | −276 | 103.1 | 20.56 |
| 1978 | | | | | | | |
| 1st qtr. | 120.3 | 114.3 | −574 | −305 | −646 | 105.1 | 20.63 |
| Jan. | 112.2 | 114.6 | −338 | −248 | −236 | 105.5 | 20.87 |
| Feb. | 127.4 | 111.3 | + 43 | +132 | −202 | 104.8 | 20.7 |
| March | 121.4 | 116.9 | −279 | −189 | −208 | 104.8 | 20.32 |
| April | 126.1 | 103.0 | +223 | +343 | −115 | 104.0 | 17.04 |
| May | 120.1 | 112.5 | −169 | − 49 | −109 | 105.2 | 16.66 |

**FINANCIAL**—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

| | M1 % | M3 % | Bank advances % | DCE £m | BS inflow | HP lending | MLR % |
|---|---|---|---|---|---|---|---|
| 1977 | | | | | | | |
| 1st qtr. | 1.3 | − 8.8 | 5.3 | − 74 | 492 | 1,008 | 10½ |
| 2nd qtr. | 24.8 | 14.9 | 5.5 | +769 | 1,290 | 1,047 | 8 |
| 3rd qtr. | 28.0 | 10.4 | 20.3 | +365 | 1,084 | 1,149 | 7 |
| 4th qtr. | 25.1 | 12.6 | 8.4 | +698 | 1,565 | 1,189 | 7 |
| Dec. | 23.2 | 12.6 | 8.4 | +161 | 421 | 410 | 7 |
| 1978 | | | | | | | |
| 1st qtr. | 25.1 | 24.2 | 17.5 | +1,819 | 1,049 | 1,260 | 6½ |
| Jan. | 23.2 | 17.3 | 13.4 | 258 | 388 | 429 | 6½ |
| Feb. | 26.8 | 25.5 | 17.9 | 963 | 353 | 418 | 6½ |
| March | 25.1 | 24.2 | 17.5 | 598 | 308 | 413 | 6½ |
| April | 19.1 | 24.7 | 12.6 | 1,248 | 335 | 463 | 7 |
| May | | | | | 212 | | 9 |

**INFLATION**—Indices of earnings (Jan. 1976=100), basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

| | Earnings* | Basic matls.* | Whsale. mnfg.* | RPI* | Foods* | FT* comdty. | Strlg. |
|---|---|---|---|---|---|---|---|
| 1977 | | | | | | | |
| 1st qtr. | 112.5 | 341.5 | 248.0 | 174.1 | 184.7 | 276.4 | 61.8 |
| 2nd qtr. | 114.5 | 347.7 | 259.2 | 181.9 | 191.1 | 250.0 | 61.6 |
| 3rd qtr. | 116.1 | 340.5 | 267.7 | 184.7 | 192.1 | 239.9 | 62.8 |
| 4th qtr. | 119.9 | 330.6 | 272.1 | 187.4 | 193.3 | 234.20 | 63.3 |
| Dec. | 121.7 | 328.0 | 273.3 | 188.4 | 194.8 | 234.20 | 63.8 |
| 1978 | | | | | | | |
| 1st qtr. | 123.0 | 326.7 | 279.0 | 190.6 | 197.3 | 238.61 | 64.6 |
| Jan. | 121.5 | 324.9 | 277.1 | 189.5 | 196.1 | 226.41 | 66.0 |
| Feb. | 122.7 | 324.2 | 279.2 | 190.6 | 197.3 | 224.86 | 66.0 |
| March | 124.8 | 331.0 | 280.6 | 191.8 | 198.4 | 238.61 | 64.1 |
| April | | 337.5 | 282.8 | 194.6 | 201.6 | 238.94 | 67.8 |
| May | | 341.8 | 284.4 | | | 250.67 | 61.4 |

* Not seasonally adjusted.

## Crimes

BY WILLIAM WEAVER

**The Masterplayers** by Michael Sinclair. Gollancz, £3.95. 174 pages

Romania, past and present, is the exotic and appealing setting of this smoothly-told story. An American historian (fully and engagingly characterised) is investigating an obscure episode in the country's 19th-century vicissitudes; he encounters, parenthetically, the romantic story of a bold heroine, whose descendants then become a vital, disturbing part of his own life. Sinclair blends skilfully his two tales, a century apart, offering a canny contrast of espionage then with the same, far rougher, activity now.

**Exit Murderer** by Sara Woods. Macmillan, £3.50. 191 pages

This is a more talkative novel than most of Sara Woods' excellent Antony Maitland series. Though there is a good deal of action, it all takes place offstage; and much of the time Maitland, his wife, his austere Uncle Nick and the other characters sit around discussing events, summing up past events and planning the next steps. Since all are very articulate and urbane, the talk is enjoyable, but the pace is sometimes frustratingly slow. Vera Langhorne (who promises to be a regular and important member of the Woods cast from now on) has a habit of speaking in sentence fragments. Gets tiresome. Hope she drops it before the next book.

**Dead Man's Handle** by John Blackburn. Jonathan Cape, £3.50. 182 pages

The beginning of the book grips you at once: a young train driver has an accident at the same spot where, three years earlier to the very night, his father crashed the Express. He thinks he has seen a ghost, and —for a while—it almost seems he has. Blackburn's investigator, Colonel Archibald Vayne, is a welcome invention: an outrageous snob, racist, twister, but persistent and not without intuition. Unfortunately, the denouement is also outrageous. Meant to be chillingly horrible, it is, on the contrary, close to laughable, a severe let-down.

**One of Us Must Die** by Anna Clarke. Collins, £3.75. 193 pages

This time, Anna Clarke's story is set in the present (after her splendid Victorian story The Lady in Black); but an event from the past—the death of a child—casts a long, troubling shadow. Basically, it is a husband-wife duel that concerns us here, a situation as hopeless as it is real. The domestic horror deepens gradually, inexorably; then there is an unconventional, muted coda, beautifully apt.

Fiction

## Devon girls

BY MARTIN SEYMOUR-SMITH

**Moon's Ottery** by Patricia Beer. Hutchinson, £4.95. 207 pages

**Quarantine** by Nicholas Hasluck. Macmillan. £3.95. 194 pages

**Momo** by Emile Ajar. Translated from the French by Ralph Manheim. Collins, £4.25. 182 pages

**Getting Through** by John McGahern. Faber and Faber, £4.25 151 pages

**Hospital Wedding: Stories** by Jennifer Dawson. Quartet, £4.95. 125 pages

Patricia Beer has chosen the most difficult of all genres for her first work of fiction: the serious historical novel. Considering this, she has done very well, originally, and charmingly. Moon's Ottery is a most unusual and intelligent book.

Patricia Beer is a Devonian, and Moon's Ottery is set in Devon. This is an ingenious and effective device, and made the more so by the fact that the author concentrates more on the Devonian—though never in a strained way—than on the Elizabethan. The point is that there is more of the Elizabethan in the (relatively) unspoilt Devonian than almost any author could come upon in any other way.

The story is simple enough—the only word that adequately describes it is "sweet." The village of Moon's Ottery finds itself caught up in the events of 1588, and so, therefore, do the lively daughters, Alice and Rosalind, of Mrs. Mutter of Sparkhayes Farm. Rosalind becomes involved with an eccentric and mysterious gentleman called Mr. Suckbitch: an equally enigmatic Spanish sailor, Xavier, turns up in the village. And so things take their course, and it ends with Rosalind exclaiming to Mr. Suckbitch: "The mist: it's everywhere we aren't." He tells her that is a trick of the light. There is much poetry and mystery hidden beneath the innocuous surface of this tour de force.

There is poetry of a different sort in the Australian Nicholas Hasluck's first novel. Like Patricia Beer, the author is a poet. Born in 1942, he has studied law in Australia and at Oxford, has worked on an English newspaper, and returned to Australia 10 years ago.

It is not Patrick White's fault, but there is no doubt that he has cast a shadow over Australian fiction. He has even eclipsed the work of his great predecessor, Henry Handel Richardson — whose The Fortunes of Richard Mahoney certainly deserved the Nobel Prize more than Pearl Buck's good-hearted but non-literary The Good Earth. Some hoped that Randolph Stow might prove a worthy follower to White; but the judgment that he has been too busy trying not to be like him seems unhappily right. Now comes Nicholas Hasluck: on the strength of Quarantine he is, whatever fashion may now dictate, Australia's bright new star of fiction.

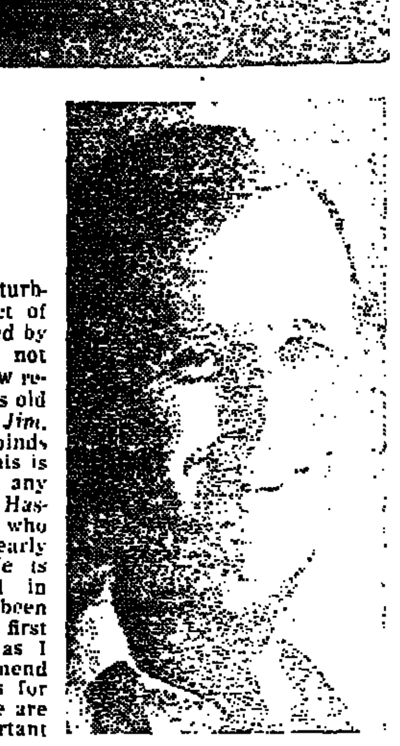
This is a tense, subtle, exciting novel set in Egypt in about 1937. It is written in retrospect by a distinguished lawyer some 40 years after the event. The nameless narrator relates, in a mood of moral terror, events which occurred when he took ship to England from Australia to take up his studies in law. The beat-up old ship is inexplicably detained ("quarantined") at a small, deserted port on the Suez Canal. And then begins a faszad.

Those who know Egypt will know that this word, untranslatable, connotes something like "dirty business," "sordid intrigue." There can be trivial faszads and serious faszads. But they nearly always get written off as trivial. This one seems to be trivial: but it is in fact deadly.

The novel might be said to be a translation of the word faszad —and a profound one. It is at once comic—the author is quite as good as P. H. Newby with his Egyptians—and bleakly disturbing. The effects of the act of jealous cowardice perpetrated by the unlikeable—but are we not all unlikeable?—narrator, now recalled by him in secret in his old age, remind me of Lord Jim. The allegorical power reminds me of Patrick White; but this is something in the range of any Australian—and Nicholas Hasluck seems to be the one who has brought it off, and clearly at very great effort. He is powerful, but not at all in White's manner. I have not been as impressed or moved by a first novel for almost as long as I can remember, and I recommend this for reading as well as for inward digestion. I think we are welcoming a truly important writer.

Momo, written by a man so jealous of his privacy that he refused the Prix Goncourt in order to preserve it, has been filmed (with Simone Signoret as Madame Rosa; it won an Oscar as "best foreign language film." It appeared in France in 1975, and now comes to us in a good translation by the redoubtable Ralph Manheim. It is the sparkling story of a little Arab boy, the Momo of the title, who gets taken in by an old Jewish prostitute, Madame Rosa: her trade is the taking in of the children of whores when they can no longer cope. Emile Ajar shows us, through a variety of characters—including a transvestite ex-boxing champion—how Madame Rosa's scarcely conventional household becomes his "family," and of how he develops true responsibilities towards it. This is in the tradition of the early Gorky; it is also reminiscent of those remarkable tales dictated by Arabs to Paul Bowles, who has the knack of presenting them with great conviction and humanity. A thoroughly enjoyable, often funny—and sometimes sad—Chagall-like panorama.

Finally, two volumes of short stories. In Getting Through John


Nicholas Hasluck: new Australian star

McGahern is brilliantly literary, genuinely sensitive, highly atmospheric. But is he too literary? Were these stories, one wonders, worth doing quite so well? Mr. McGahern is haunted, necessarily perhaps, by the long line of great Irish short-story writers that stretches out behind him. None of these was greater—though the fact still goes unrecognised—than George Moore, who was improbably the most robust. I miss this robustness in Getting Through; but I admire, as I am doubtless meant to, the art.

In Hospital Wedding Jennifer Dawson sets her sights lower and gets a more satisfying result. The first of these stories (some of which are very short) called "Bleeding Hearts," is one of the sharpest stories about "liberals" that I have read. It is about an innocent couple who leave Rhodesia at financial sacrifice in order not to be "racist"; their English flat is occupied by a black girl. This will infuriate all dogmatists and probably everyone else who lacks a sense of humour. The other tales are not less keen in their revelations of various sorts of drabness and the humanity it hides.

## Salt of the Italian earth

BY C. P. SNOW

**History** by Elsa Morante, translated from the Italian by William Weaver. Allen Lane. £5.95. 562 pages

Elsa Morante's novel, History, was published in Italy, 1974, and this translation first appeared in New York a year ago. It was then that I had the chance to read it. It has been received in many quarters, both by a large audience and by critical judges, as a work of high importance. Certainly it ought to be read seriously here. For myself, I still cannot make up my mind. It belongs to a kind of fiction, with one foot in instant history and another and deeper in the most rending sense of Latin naturalism, which slightly recalls some of the early Dos Passos. It is a noble attempt to show the poor, insulted and abject of this world caught up in storms which they only dimly comprehend except when their own lives are threatened. It will probably take some time before the dust has settled and one will be certain whether it is or is not a masterpiece.

What I have just said obviously and deliberately contains an element of doubt. This is partly because the historical notation, that is the summary of each year's events as recorded in public history, is maddeningly inaccurate. Elsa Morante does not seem to have had access to any serious military history of the Hitler war. One example would be enough to demonstrate what I mean:

Entry for July/August 1942. Unsuccessful landing of the Allies at Dieppe on the Channel. Almost all men engaged are killed.

The last sentence couldn't have been written if the author had studied any reputable history. The same applies to her next entry about Stalingrad. All this may sound trivial, but in a work of such aspirations and ambitions even the prosaic public history has to carry its own conviction.

The private stories of Elsa Morante's suffering poor belong to a quite different level of literary seriousness. Her main character, Ida, is realised with passionate authority and ultimate unpatronising sympathy. She is a kind of Mother Courage expressed in human terms. She has no hope, except what she can provide for herself. She is half-Jewish, just to add another twist to the rack. Her elder son is an horrific criminal with a radiance of his own. Her younger son, the child of a rape, has a more innocent radiance, but is perhaps the only character in this Roman slum who is slightly sentimentalised. There is an echo of Dostoevsky about this boy Useppe, and only Dostoevsky, was certain of his touch with such people, and sometimes not even he.

Stripped of its formal history these stories of lives struggling for their own existence among black misery would make the book formidable enough. The first duty is to read it.

## In Short—Violent matters

**Hitler's Last Weapons**, by Jozef Garlinski. Julian Friedman, £5.95, pages 244

The recent release of classified documents after 30 years, and the TV series on the secret war, have brought the secret weapons of the past war well to the fore. Mr. Garlinski does not add much to what is already known and he occupies a fair amount of space on matters which have nothing to do with secret weapons. But he does bring home some aspects worth emphasis. One is the great contribution of the Poles to the defeat of these weapons, which makes their reward, enslavement to the Soviet Union, even more poignant.

Another is the remarkable skill and inventiveness shown by the Germans, which lasted right up to the end, matched by abysmal lack of political skill. This was exemplified in the alienation of the peoples of Eastern Europe by the brutalities of the occupation, while at the same time these people were allowed or compelled to work (and spy) on the most secret projects and also in the corrosive struggles between the empires of the top Nazi bosses. No defence was ever found to the most dangerous and fully developed of the secret weapons, the V2 rocket. About 3,000 were fired. What would have happened, which could well have been the case, if it had been 30,000?

ALLAN TODD

**Herod: Reflections on Political Violence** by Conor Cruise O'Brien. Hutchinson, £6.50, 236 pages

This book is, in essence, a statement of Conor Cruise O'Brien's position on Northern Ireland. It is a collection of essays, articles, speeches, reviews and short plays, all about the use of violence for political ends, written mostly in this decade, mostly about Ulster, and many of them in America or for Americans. There is no index, but a scattering of footnotes.

Of the plays, I am no judge. Their style strikes me as rhetorical and flat. But presumably their main importance is that they were performed (at least, two of the three were) in Dublin. Their message and purpose was political, in the Irish context. Only an Irishman in that context could judge their local effect.

Of the essays and other writings, the main impression must be the consistency and political courage with which Dr. O'Brien has sought to undermine and demolish the claims to legitimacy of the IRA. Whether his defeat at the last Irish general election (he had previously been Minister for Posts and Telegraphs, and therefore for broadcasting, in which capacity several of the speeches here reproduced were made) was a result of this stand against the IRA, neither he nor anyone else can be sure. But it seems likely, given that deep ambivalence towards the IRA that is characteristic of the Irish and is ably analysed by Dr. O'Brien in this book.

He attacks head-on both the notion that the IRA has some present-day political legitimacy (the notion that violence is somehow justified by the Protestant/British power in Ulster) and the notion that the IRA has some historical legitimacy (the notion that the Irish State was created by and thanks to the IRA). Neither line of attack was calculated to win popularity, especially as Dr. O'Brien's previous career had been read by many as anti-imperialist and anti-British.

In purely literary terms, a book such as this cannot have the depth or detail of an original work, and there is inevitably some repetition. It cannot therefore count as a major contribution. But it is deeply imbued with the liberal democratic principles which Dr. O'Brien now brings to his latest incarnation as Editor-in-Chief of the Observer newspaper, and which he has borne witness to in such an extraordinary variety of roles.

REX WINSBURY

**Crime and Penal Policy: Reflections on Fifty Years Experience** by Barbara Wootton. Allen and Unwin. £5.95, 261 pages

Barbara Wootton began her "criminal career" in 1926 when she was appointed a JP for the County of London. She was nearly 29 years old and yet not qualified to vote. In those days magistrates were completely untrained and on her first attendance at court she was deeply shocked to find that one item on the agenda was to re-elect two gentlemen, one blind and the other very deaf, to undertake the task of inspecting the public houses under the magistrates' jurisdiction. This book discusses the central issues in penal policy since that date over 50 years ago. Baroness Wootton has been closely involved in criminological matters as a JP, life peeress and a member of successive government committees.

The first part of the book contains a discussion of the function and personnel of the court and the nature of the sentencing function. She is a reductivist believing that the object of sentencing is to reduce criminality as opposed to the moralist view that offenders should receive the punishment they deserve. She would like to see imprisonment limited to cases where the public need protection and substitute more constructive alternatives of which community service schemes (her idea) are a start.

Separate chapters deal with specific problems such as murder, drugs (where it transpires her views have been misrepresented in the past—she was not in favour of legalising cannabis), drink, motorists, mentally abnormal offenders and young offenders. A number of people will agree with her that the attempt of the Children and Young Persons Act 1969 to "decriminalise" the procedures for young offenders has not been entirely successful and in fact some think that the reverse has happened in that children who are the subject of care proceedings because of parental neglect are made to feel criminal. Baroness Wootton advocates that all children below compulsory school age should be removed from the criminal law and be dealt with within the educational system.

The book is not addressed to expert criminologists but to non-professionals interested in the law such as magistrates and prison visitors but it ought also to interest the legal profession. Some readers will not agree with all her views but she sets out the contrary arguments with clarity. The book is refreshingly free from sociological jargon which she clearly abominates and the statistics are in a reasonably digestible form. The whole book is enlivened with anecdotes which give it the extra dimension of personal involvement in the development of policy.

DIANA RAWSTRON

# STOCK EXCHANGE REPORT

# Trade figures anti-climax for both Gilts and equities

## Slightly easier tendency continues after official close

**Account Dealing Dates**

**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| May 30 | June 8 | Jun. 9 | Jun. 20 |
| Jun. 12 | Jun. 22 | Jun. 23 | July 4 |
| Jun. 26 | July 6 | July 7 | July 18 |

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

British Funds and leading Industrials passed a rather subdued trading session yesterday with underlying sentiment being affected by uncertainty ahead of the May trade figures. In the event, these proved mildly disappointing and the dull tone continued into the late dealings.

The Funds opened slightly higher, but doubts about the market's ability to cope with this week's two large tap issues still prevailed and the short-dated stocks came in for a fair amount of profit-taking which brought final losses of a half-point. Treasury 14 per cent. 1982, fell that amount to 107¾. The longer maturities again tended to follow in the wake of the shorts and early gains of ¼ were replaced by losses of similar size at the close. Application lists for the £1bn of 12 per cent Exchequer stock, 2013-17, open and close today.

Lack of support and occasional small offerings prompted a modest reaction in the Industrials leaders and continuation of the trend in the late dealings was reflected in the FT 30-share index; this extended a loss of 1.7 at 3 pm to one of 2.7 at the close of 471.9. Activity throughout the session was at an extremely low ebb.

Elsewhere in the equity sector, a rather drab day was enlivened by movements in response to company's announcing trading news along with bid situations, both rumoured and actual. In the latter category, J. and W. Henderson were outstanding at 210p, up 55, on the surprise bid from Cement Roadstone. Overall, prices movements were narrowly mixed, rises slightly outnumbering falls in all FT-quoted Industrials. Official markings of 4,845 compared with 5,163 on Tuesday.

The oversubscription, later thought to be very sizeable, of the £7m Tyneside 12¼ per cent 1986 issue underpinned Corporations and gains, usually of a ¼, were fairly liberal. Recently-issued Fixed Interests were generally uninspiring apart from Greenwich 11¾ per cent 1986 which, in £30-paid form, improved ¼ to 49½ and first-time dealings in NSS Newsagents 9 per cent Preference, issued by way of capitalisation to ordinary holders, at 93p, after 95p. A drifting tendency was discernible among Southern Rhodesians and some bonds were two points lower including the 2½ per cent 1965-70, at £52.

After a spirited start to around 113¾ per cent, the investment currency premium reacted quite sharply to close near the lowest of the day at 113 per cent, a loss of 1¼ points on balance. The cessation of recent demand connected with a placing operation involving Swire Properties, the Hong Kong-based concern, contributed largely to the easier tone. Yesterday's SE conversion factor was 0.6633 (0.6566).

Activity increased in Traded Options and the total number of contracts done improved to 557, the highest figure since June 1. Interest continued to centre around ICI and here 196 deals were recorded followed by 125 in Land Securities.

Renewed demand lifted Eurotherm 6 to 168p, after 169p, in Recent Equities.

### Guinness Peat down

The major clearing banks drifted lower on light profit-taking. Further consideration of the proposed share purchase of Investment Trust Corporation cum cash resale to the Post Office Pension Fund left Barclays 5 off at 330p. Lloyds relinquished a similar amount at 275p as did Midland at 360p, while NatWest closed 3 cheaper at 270p. Elsewhere, the chairman's reported bid denial prompted dullness in Guinness Peat, which lost 10 to 245p. Among Discounts, Union firmed 10 to 338p ahead of next Monday's interim figures, Gerrard and National edged forward 4 to 182p and Seccombe Marshall and Campion gained 5 to 230p, the last-named in a thin market. Composite Insurances rarely strayed from their overnight levels, while Willis Faber put on 5 to 262p in Brokers.

Breweries closed little changed following a quiet session. Guinness edged forward a penny more to 177p ahead of tomorrow's interim report, but both Allied and Bass Charrington closed that amount cheaper at 86p and 158p respectively.

Suspended at 160p during the morning, dealings in J. W. Henderson were resumed following news of the agreed bid from Cement Roadstone worth 210p per share and the close was 55 up at that level. Increased speculative interest lifted Brown and Jackson 8 to 116p, while Breedon and Cloud Hill Lime firmed 6 to 100p in a thin market. J. Smart firmed 3 to 43p after recent weakness on the sharply reduced first-half returns, but McNeill fell 7 to 46p reflecting the annual loss and dividend omission. In a thin market, Nottingham Brick moved 5 higher to 280p after the increased interim profits and International Timber improved 3 to 122p awaiting today's results. Leyland Paint finished a penny higher at 73½p, after 75p, mirroring newspaper mention.

ICI moved between extremes of 395p and 391p before settling at the latter price, a couple of pence lower on balance. Fisons, however, managed a small improvement at 360p, but Albright and Wilson eased 3 to 169p awaiting next week's decision by the Office of Fair Trading on whether or not to refer the increased bid from Tenneco to the Monopolies Commission. Alginate, weak of late on the results and Chairman's bearish statement, found support and rallied 3 to 288p.

Secondary issues provided the main focal points in Stores. Allied Retailers were outstanding, rising 15 to a 1978 peak of 278p in response to the good results and proposed capitalisation of both ordinary and preference shares. Buyers came for Owen Owen, 7 higher at 82p, while Executex revived with an improvement of 4 at 35p and James Beattie A put on 5 to 114p. Further speculative support left MFI 2 up at 88p. The leaders, however, closed with small losses after a thin trade. Marks and Spencer cheapened 2 to 141p and UDS declined 3 to 86p. Among Shoes and still benefiting from Press mention, Headlam Sims and Coggins improved 2 more to 42p.

Apart from Muirhead, 7 better at 173p on small buying in a thin market, movement in Electricals were moderate. Racal Electronics, results due today week, hardened 3 to 251p for a two-day gain of 7, while Louis Newmark, 180p, and Ever Ready, 156p, both finished 2 dearer. By way of contrast, EMI finished 2 cheaper at 143p.

Staveley Industries stood out in Engineerings with a jump of 25 to a 1978 peak of 272p following better-than-expected preliminary results. Wheway Watson edged forward a penny to 17p helped by the higher profits and capital proposals, while Williams and James, 79p, and Baker Perkins, 102p, rose 3 apiece. News of the group's agreed acquisition of Wilsons Foundry did little for Serck, which softened a penny to 87p, while Pegler Hattersley declined 4 more to 162p following comment on the results. John Brown, annual figures due on June 28, cheapened 4 to 362p among the leaders where GKN remained friendless at 251p, down 2.

Shipbuilding concerns made progress on revived nationalisation compensation hopes. Vosper firmed 7 to 177p and Swan Hunter rose 6 to 134p.

Foods had little to commend them. Tate and Lyle remained at 176p awaiting today's interim figures, while Northern Foods, 96p, and J. Sainsbury, 190p, put on 2 and 3 respectively. Robertson Foods eased to 149p reflecting disappointment with the preliminary figures but rallied to close only a net penny cheaper at 151p. Other dull spots took in Fitch Lovell, 2 off at 63p, and Associated Dairies, 4 cheaper at 228p. In Supermarkets, Kwik Save Discount improved 5 to 89p.

Hotels and Caterers had an easier bias, Grand Metropolitan losing 2½ to 107p and Trust Houses Forte 5 to 215p. Queen's Moat Houses, however, attracted fresh speculative support and closed slightly harder at a 1978 peak of 39p.

The mildly disappointing UK trade returns for May failed to make much impact on the miscellaneous Industrial leaders, which closed narrowly mixed. Beecham closed 3 to the good at 650p, after 653p, while Bowater hardened 2 to 199p. Glaxo drifted back from an earlier enhanced level of 584p to close unaltered at 580p but Pilkington lost 4 at 483p; the latter's annual figures are due tomorrow. Elsewhere, a resurgence of speculative bid hopes helped Letraset touch 144p before a close of 6 higher on balance at 142p, while Bath and Portland rose 3 more to 82p, after 83p, on fresh speculative interest ahead of the forthcoming half-yearly figures. A report that its UK mining machinery subsidiary, Gullick Dobson has had to employ more workers to cope with increased demand helped Dobson Park move up 3 to 97p, while Flexello Castors and Wheels hardened 2 to 56p following the higher half-year earnings. Avon Rubber hardened 3 to 192p on speculative support and similar gains were seen in British Vita, 93p, Metal Closures, 98p, and Wilkins Mitchell, 50p. Holt Lloyd International put on 4 to 141p, while Far-eastern advices prompted respective rises of 6 and 7 in Hutchison, 102p, and Jardine Matheson, 275p. Recent speculative favourite, Pauls and Whites, encountered profit-taking and gave up 4 at 121p. English China Clays softened a penny to 78p following small nervous offerings in front of today's first-half figures and Continuous Stationery eased similarly to 37p after the results. Johnson Matthey relinquished 5 more to 423p following comment on Tuesday's disappointing results, while De La Rue lost 8 to 352p.

Heron reacted afresh to 128p in Motors and Distributors, before closing 9 easier on balance at 135p. Pennine Motor, a firm market of late, met with profit-taking and fell 3 to 10p, while similar losses were sustained by Group Lotus, 49p, and Armstrong Equipment, 67p. Hartwells contrasted with a rise of 9 to 106p, after 108p, on the dividend-boosting rights issue proposal. Lookers rallied 4 to 66p on revived demand, while modest gains were established by Rolls-Royce, 98p, and Supra, 59p. Commercial Vehicles had an isolated firm spot in Plaxton's (Scarborough), 3 better at 83p. Crane Fruehauf 7 per cent debenture 1986-91 were marked up 21 points to £87 on the repayment proposal.

Further demand raised Associated Book Publishers 8 to 248p, but lack of interest in Newspapers left News International 7 down at 258p and Thomson 3 easier at 252p. In Paper/Printings, Tridant were lowered to 48p on initial disappointment with the results, but recovered to end a net penny to the good at 53p.

Leading Properties met with little business and held their overnight levels, but the occasional feature appeared among secondary issues. Churchbury Estates firmed 7 more to 275p, after 280p, in continued response to the 25.6 per cent stake acquired by British Land, while Great Portland Estates added 4 at 304p on the higher profits and 50 per cent scrip issue. Apex, 210p, and Imry, 315p, improved 5 apiece in thin markets and similarly Chesterfield firmed 4 to 308p. Elsewhere, Rush and Tompkins put on 2 to 121p as bid rumours revived.

### Oils mixed

Oils presented a mixed picture with British Petroleum firming 8 to 868p on Wall Street advices and Shell shedding a couple of pence at 550p. Burmah, up 2 at 69p, attracted a few buyers, but Ultramar eased 3 to 266p. Siebens (U.K.) were again volatile on rumours of a pending statement, and dipped to 318p before rallying to finish 16 lower on balance at 332p. Investment dollar influences left Royal Dutch ¼ down at £47, but firmness in Canada prompted a rise of 1½ points in Ranger Oil, at £26¾.

Small selling in front of today's interim results clipped 3 from S. and W. Berisford, at 137p, in otherwise firmer Overseas Traders. Boustead edged forward 1½ to 41½p. Sime Darby improved 2 to 82p, and S. Hoffnung picked up 3 at 90p.

Further stimulated by Barclays Banks bid for Investment Trust Corporation, Trusts made modest headway throughout the list. Following the previous day's jump of 23, ITC eased to 275p in fairly active trading before closing without alteration at 278p. FUGIT hardened 2 to 51p ahead of today's preliminary figures, while included in gains of 3 or so were Alliance Trust, 227p, Capital and National B, 120p, and Glasgow Stockholders, 101p.

Shippings were dominated by the performance of Lofs which fell 6¼ to 27½p on the dividend omission which accompanied news of the substantial trading deficit.

Warren Plantations were traded actively after news of the sharply increased dividend and almost doubled earnings, but settled only 3 higher at 242p.

### Anglo Utd. jump

A feature of mining markets was the strength of the Northgate group of companies which all moved ahead following persistent and heavy Canadian buying.

Anglo United Development led the way up with a further jump of 57 to a year's high of 260p bringing the rise over the past three trading days to 96p, while Northgate themselves improved 15 more to a 1978 high of 465p and Westfield advanced 13 to 110p.

The buying was inspired by vague rumours of a cash injection by Northgate into Anglo United and consideration of the latter's recently announced possible uranium find in County Donegal in the Republic of Ireland.

Other Irish/Canadian issues also gained ground. Sabina attracted a good London demand which left the shares a further 11 better at a high of 71p.

Australians were again active. Renewed rumours of a possible bid for BH South from North Broken Hill prompted a sharp rise in the former which closed 17 higher on balance at 118p, after a high of 125p; the latter were finally 8 cheaper at 132p.

Consolidated Gold Fields Australia were also mentioned as a possible bidder for both North Broken Hill and BH South and closed 15 higher at 300p — a rise of 40 over the past three trading days.

South African Golds were quietly easier despite the firmness of the bullion price, which was finally another $1.25 higher at $183.875 per ounce.

Vlakfontein were notably weak and closed 10 lower following the passing of the interim dividend. The Gold Mines index gave up 2.6 to 158.3.

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | — | 61 | 17 |
| Corpns., Dom. and Foreign Bonds | 16 | 4 | 45 |
| Industrials | 295 | 262 | 983 |
| Financial and Prop. | 146 | 51 | 323 |
| Oils | 5 | 10 | 19 |
| Plantations | 9 | 2 | 21 |
| Mines | 27 | 55 | 41 |
| Recent Issues | 12 | 8 | 17 |
| Totals | 510 | 453 | 1,466 |

## FINANCIAL TIMES STOCK INDICES

| — | June 14 | June 13 | June 12 | June 9 | June 8 | June 7 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 70.63 | 70.78 | 70.79 | 70.26 | 69.68 | 69.20 | 68.22 |
| Fixed Interest | 72.49 | 72.36 | 72.26 | 71.70 | 71.19 | 70.98 | 68.52 |
| Industrial Ordinary | 471.9 | 474.6 | 472.2 | 466.9 | 469.3 | 474.9 | 450.1 |
| Gold Mines | 158.3 | 160.9 | 158.2 | 157.9 | 161.0 | 158.5 | 109.8 |
| Ord. Div. Yield | 5.60 | 5.58 | 5.61 | 5.66 | 5.64 | 5.58 | 5.20 |
| Earnings Y'ld% (full) (*) | 16.32 | 16.26 | 16.36 | 16.51 | 16.38 | 16.22 | 15.94 |
| P/E Ratio (net) (*†) | 8.20 | 8.23 | 8.18 | 8.10 | 8.16 | 8.24 | 9.10 |
| Dealings marked | 4,845 | 5,163 | 4,967 | 4,652 | 5,203 | 4,532 | 4,849 |
| Equity turnover £m | — | 78.06 | 68.70 | 89.39 | 78.84 | 72.67 | 53.27 |
| Equity bargains total | — | 15,745 | 14,466 | 19,297 | 17,261 | 15,015 | 13,030 |

10 am 474.2. 11 am 473.3. Noon 472.5. 1 pm 472.9.
2 pm 472.9. 3 pm 472.3.
Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=5.94.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

## HIGHS AND LOWS

| — | 1978 High | 1978 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs. | 78.58 (5/1) | 68.79 (5/6) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 81.27 (9/1) | 70.73 (6/6) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 497.3 (5/1) | 433.4 (2/3) | 549.2 (14/9/77) | 49.4 (26/6/40) |
| Gold Mines | 168.6 (6/3) | 130.3 (6/3) | 442.3 (22/5/75) | 43.5 (26/10/71) |

## S.E. ACTIVITY

| | June 14 | June 13 |
|---|---|---|
| —Daily | | |
| Gilt-Edged | 170.5 | 299.5 |
| Industries | 162.2 | 165.5 |
| Speculative | 52.5 | 69.8 |
| Totals | 110.3 | 117.5 |
| 5-day Av'rage | | |
| Gilt-Edged | 184.8 | 180.8 |
| Industrials | 164.6 | 163.5 |
| Speculative | 53.9 | 50.5 |
| Totals | 115.0 | 111.6 |

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1978 high | 1978 low |
|---|---|---|---|---|---|---|
| Barclays Bank | £1 | 10 | 330 | −5 | 358 | 296 |
| BATs Defd. | 25p | 9 | 285 | — | 296 | 227 |
| BP | £1 | 9 | 868 | +8 | 892 | 720 |
| Burmah Oil | £1 | 9 | 69 | +2 | 72 | 42 |
| ICI | £1 | 9 | 391 | −2 | 396 | 328 |
| Anglo Utd. Dev. | npv | 8 | 260 | +57 | 260 | 108 |
| GEC | 25p | 7 | 265 | −2 | 278 | 233 |
| Letraset Intl. | 10p | 7 | 142 | +6 | 168 | 98 |
| Pilkington | £1 | 7 | 483 | −4 | 495 | 422 |
| Reed Intl. | £1 | 7 | 138 | — | 143 | 102 |
| Selection Trust | 25p | 7 | 434 | +8 | 436 | 375 |
| Shell Transport | 25p | 7 | 550 | −2 | 586 | 484 |
| Western Mining | $A0.50 | 7 | 157 | −1 | 180 | 84 |
| Dunlop | 50p | 6 | 75 | — | 90 | 72 |
| Imperial Group | 25p | 6 | 76 | −1 | 81 | 71½ |

## OPTIONS

**DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Jun. 7 | Jun. 20 | Aug. 31 | Sep. 14 |
| Jun. 20 | July 4 | Sep. 14 | Sep. 28 |
| July 14 | July 18 | Sep. 28 | Oct. 12 |

*For rate indications see end of Share Information Service*

Money was given for the call of Burmah Oil, K Shoes, Barker and Dobson, EMI, Associated Book Publishers, Trust Houses Forte Warrants, Spillers, Western Mining, Corinthian Holdings, Pauls and Whites, Ransome Hoffmann, Babcock and Wilcox, UDS and IMI. A put was done in Petbow, while doubles were arranged in Barker and Dobson, Ault and Wiborg and Western Mining.

## NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

**NEW HIGHS (171)**

AMERICANS (7)
BANKS (1)
BUILDINGS (6)
CHEMICALS (3)
DRAPERY & STORES (9)
ELECTRICALS (3)
ENGINEERING (16)
FOODS (2)
HOTELS (3)
INDUSTRIALS (23)
INSURANCE (1)
MOTORS (5)
NEWSPAPERS (2)
PAPER & PRINTING (1)
PROPERTY (6)
SHIPPING (1)
SHOES (1)
SOUTH AFRICANS (3)
TEXTILES (2)
TRUSTS (57)
OVERSEAS TRADERS (5)
RUBBERS (1)
TEAS (3)
MINES (14)

**NEW LOWS (12)**

BRITISH FUNDS (1)
Treas. 9½pc 1980
FOREIGN BONDS (1)
Ireland 7½pc '81-83
BUILDINGS (3)
Kent (M. P.) Ward Hldgs.
Travis & Arnold
ENGINEERING (2)
British Northrop GKN
INDUSTRIALS (1)
Camrex
SHIPPING (1)
LOFS
TEXTILES (1)
Bright (John)
OILS (1)
CCP North Sea
OVERSEAS TRADERS (1)
Borthwick (Thomas)



## LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

| Section | % | Section | % |
|---|---|---|---|
| Gold Mines | +20.80 | All-Share Index | +1.16 |
| Mining Finance | +15.31 | Electronics, Radio and TV | +0.39 |
| Overseas Traders | +11.88 | Electricals | +0.25 |
| Tobaccos | +11.21 | Breweries | −0.06 |
| Newspapers and Publishing | +10.83 | Consumer Goods (Non-Durable) Group | −0.37 |
| Chemicals | +9.93 | Insurance Brokers | −0.72 |
| Mechanical Engineering | +9.55 | Entertainment and Catering | −0.95 |
| Office Equipment | +8.77 | Food Manufacturing | −1.22 |
| Motors and Distributors | +8.44 | Building Materials | −1.31 |
| Engineering Contractors | +7.35 | Pharmaceutical Products | −1.38 |
| Toys and Games | +7.16 | Household Goods | −1.40 |
| Textiles | +6.27 | Merchant Bank | −1.59 |
| Packaging and Paper | +4.58 | Insurance (Life) | −2.30 |
| Capital Goods Group | +3.22 | Banks | −2.39 |
| Other Groups | +3.05 | Financial Group | −3.93 |
| Consumer Goods (Durable) Group | +3.05 | Property | −4.60 |
| Investment Trusts | +2.32 | Discount Houses | −4.79 |
| Oils | +2.29 | Food Retailing | −5.55 |
| Contracting and Construction | +2.14 | Stores | −7.10 |
| Wines and Spirits | +2.00 | Insurance (Composite) | −7.18 |
| 500 Share Index | +1.62 | Shipping | −7.89 |
| Industrial Group | +1.57 | Hire Purchase | −13.01 |
| Metal and Metal Forming | +1.44 | | |

† Percentage changes based on Tuesday, June 13, 1978 indices.

## LONDON TRADED OPTIONS

| Option | Ex'rcise price | July Closing offer | July Vol. | October Closing offer | October Vol. | January Closing offer | January Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price p | + or − | Div. | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | | |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

### "RIGHTS" OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1978 High | 1978 Low | Stock | Closing Price p | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

Renunciation date usually last day for dealing free of stamp duty. [illegible]

# FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

**EQUITY GROUPS**

**GROUPS & SUB-SECTIONS**

Figures in parentheses show number of stocks per section

| | | Wed., June 14, 1978 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 34%) | Est. P/E Ratio (Net) | Tues. June 13 Index No. | Mon. June 12 Index No. | Fri. June 9 Index No. | Thurs. June 8 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (171) | [illegible] | | | | | | | | | |
| 2 | Building Materials (28) | [illegible] | | | | | | | | | |
| 3 | Contracting, Construction (26) | [illegible] | | | | | | | | | |
| 4 | Electricals (15) | [illegible] | | | | | | | | | |
| 5 | Engineering Contractors (14) | [illegible] | | | | | | | | | |
| 6 | Mechanical Engineering (71) | [illegible] | | | | | | | | | |
| 8 | Metals and Metal Forming (17) | [illegible] | | | | | | | | | |
| 11 | CONSUMER GOODS (DURABLE) (52) | [illegible] | | | | | | | | | |
| 12 | Lt. Electronics, Radio TV (15) | [illegible] | | | | | | | | | |
| 13 | Household Goods (12) | [illegible] | | | | | | | | | |
| 14 | Motors and Distributors (25) | [illegible] | | | | | | | | | |
| 21 | CONSUMER GOODS (NON-DURABLE) (175) | [illegible] | | | | | | | | | |
| 22 | Breweries (14) | [illegible] | | | | | | | | | |
| 23 | Wines and Spirits (6) | [illegible] | | | | | | | | | |
| 24 | Entertainment, Catering (17) | [illegible] | | | | | | | | | |
| 25 | Food Manufacturing (22) | [illegible] | | | | | | | | | |
| 26 | Food Retailing (15) | [illegible] | | | | | | | | | |
| 32 | Newspapers, Publishing (13) | [illegible] | | | | | | | | | |
| 33 | Packaging and Paper (15) | [illegible] | | | | | | | | | |
| 34 | Stores (39) | [illegible] | | | | | | | | | |
| 35 | Textiles (25) | [illegible] | | | | | | | | | |
| 36 | Tobaccos (3) | [illegible] | | | | | | | | | |
| 37 | Toys and Games (6) | [illegible] | | | | | | | | | |
| 41 | OTHER GROUPS (97) | [illegible] | | | | | | | | | |
| 42 | Chemicals (19) | [illegible] | | | | | | | | | |
| 44 | Pharmaceutical Products (7) | [illegible] | | | | | | | | | |
| 45 | Office Equipment (6) | [illegible] | | | | | | | | | |
| 46 | Shipping (10) | [illegible] | | | | | | | | | |
| 47 | Miscellaneous (55) | [illegible] | | | | | | | | | |
| 49 | INDUSTRIAL GROUP (495) | [illegible] | | | | | | | | | |
| 51 | Oils (5) | [illegible] | | | | | | | | | |
| 59 | 500 SHARE INDEX | [illegible] | | | | | | | | | |
| 61 | FINANCIAL GROUP (100) | [illegible] | | | | | | | | | |
| 62 | Banks (6) | [illegible] | | | | | | | | | |
| 63 | Discount Houses (10) | [illegible] | | | | | | | | | |
| 64 | Hire Purchase (5) | [illegible] | | | | | | | | | |
| 65 | Insurance (Life) (10) | [illegible] | | | | | | | | | |
| 66 | Insurance (Composite) (7) | [illegible] | | | | | | | | | |
| 67 | Insurance Brokers (10) | [illegible] | | | | | | | | | |
| 68 | Merchant Banks (14) | [illegible] | | | | | | | | | |
| 69 | Property (31) | [illegible] | | | | | | | | | |
| 70 | Miscellaneous (7) | [illegible] | | | | | | | | | |
| 71 | Investment Trusts (50) | [illegible] | | | | | | | | | |
| 81 | Mining Finance (4) | [illegible] | | | | | | | | | |
| 91 | Overseas Traders (19) | [illegible] | | | | | | | | | |
| 99 | ALL-SHARE INDEX (673) | [illegible] | | | | | | | | | |

**FIXED INTEREST PRICE INDICES**

| | British Government | Wed. June 14 | Day's change % | xd adj. To-day | xd adj. 1978 to date |
|---|---|---|---|---|---|
| 1 | Under 5 years | [illegible] | | | |
| 2 | 5-15 years | [illegible] | | | |
| 3 | Over 15 years | [illegible] | | | |
| 4 | Irredeemables | [illegible] | | | |
| 5 | All stocks | [illegible] | | | |

**FIXED INTEREST YIELDS**
Br. Govt. Av. Gross Red.

| | | | Wed. June 14 | Tues. June 13 | Year ago (approx.) |
|---|---|---|---|---|---|
| 1 | Low Coupons | 5 years | [illegible] | | |
| 2 | | 15 years | [illegible] | | |
| 3 | | 25 years | [illegible] | | |
| 4 | Medium Coupons | 5 years | [illegible] | | |
| 5 | | 15 years | [illegible] | | |
| 6 | | 25 years | [illegible] | | |
| 7 | High Coupons | 5 years | [illegible] | | |
| 8 | | 15 years | [illegible] | | |
| 9 | | 25 years | [illegible] | | |
| 10 | Irredeemables | | [illegible] | | |

| | | Wed., June 14 Index | Yield % | Tues. June 13 | Mon. June 12 | Friday June 9 | Thurs. June 8 | Wed. June 7 | Tues. June 6 | Mon. June 5 | Year ago (approx.) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | 20-yr. Red. Deb & Loans (15) | 57.56 | 12.94 | 57.39 | 57.11 | 56.94 | 56.72 | 57.11 | 57.14 | [illegible] | [illegible] |
| 16 | Investment Trust Prefs. (15) | 52.94 | 13.30 | 52.94 | 52.94 | 52.61 | 52.52 | 52.25 | 52.23 | [illegible] | [illegible] |
| 17 | Coml. and Indl. Prefs. (20) | 71.74 | 12.91 | 71.72 | 71.57 | 71.53 | 71.54 | 71.57 | 71.68 | [illegible] | [illegible] |

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

# INSURANCE, PROPERTY, BONDS

# AUTHORISED UNIT TRUSTS

# OFFSHORE AND OVERSEAS FUNDS

**Jardine Fleming & Co. Ltd.**
46th Floor, Connaught Centre Hong Kong

| | | | |
|---|---|---|---|
| Jardine Estn. Tst. | SHK254.75 | ..... | 2.80 |
| Jardine J'pn.Fd.* | SHK217.34 | ..... | 0.40 |
| Jardine S.E.A. | SUS17.22 | ..... | 2.20 |
| Jardine Flem.Int. | SHK9.73 | ..... | — |

NAV May 28. *Equivalent SUS68.46. Next sub. June 15.

**Keyselex Mngt., Jersey Ltd.**
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

| | | | | |
|---|---|---|---|---|
| Fonselex | Fr.1,375 | 1,28 | ..... | 2.53 |
| Bondselex | Fr.12.90 | 13.5 | ..... | — |
| Keyselex Int'l. | £6.61 | 7.25 | ..... | — |
| Keyselex Europe | £3.89 | 4.25 | ..... | 3.77 |
| Japan Gth. Fund | SUS23.77 | 25.0 | ..... | — |
| Keyselex Japan | £17.52 | 12.5 | ..... | — |
| Cent. Assets Cap. | £133.50 | | -0.02 | ..... |

**S. G. Warburg & Co. Ltd.**
30, Gresham Street, EC2. 01-600 4555

| | | | | |
|---|---|---|---|---|
| Cnv. Bd. Fd. June 13 | SUS9.85 | | -0.01 | — |
| Eng. Int. June 13 | SUS17.94 | | +0.48 | — |
| Gr. St. $Fd. Apr 31 | SUS7.09 | | ..... | — |
| Mr. Eur. June 7 | 10.35 | 10.47 | ..... | — |

**Warburg Invest. Mngt. Jrsy. Ltd.**
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

| | | | | |
|---|---|---|---|---|
| CMF Ltd. May 25 | SUS12.12 | 12.68 | ..... | — |
| CMT Ltd. May 25 | £12.58 | 12.90 | ..... | — |
| Metals Tst. May 18 | £11.83 | 12.17 | ..... | — |
| TMT June 8 | SUS10.57 | 10.93 | ..... | — |
| TMT Ltd. June 8 | £10.65 | 10.96 | ..... | — |

**World Wide Growth Management**
10a, Boulevard Royal, Luxembourg.

| | | | |
|---|---|---|---|
| Worldwide Gth Fd | SUS15.13 | -0.01 | — |

## NOTES

Prices do not include $ premium, except where indicated $, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Net of tax on realised capital gains unless indicated by ¢. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.



**CLIVE INVESTMENTS LIMITED**
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at 7th June, 1978 (Base 100 at 14.1.77)

| | |
|---|---|
| Clive Fixed Interest Capital | 126.93 |
| Clive Fixed Interest Income | 112.91 |

CORAL INDEX: Close 470-475

**INSURANCE BASE RATES**

| | |
|---|---|
| †Property Growth | 9½% |
| †Vanbrugh Guaranteed | 9 % |

† Address shown under Insurance and Property Bond Table.

# FT SHARE INFORMATION SERVICE

## **BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

[illegible]

### Five to Fifteen Years

[illegible]

### Over Fifteen Years

[illegible]

### Undated

[illegible]

## **INTERNATIONAL BANK

[illegible]

## **CORPORATION LOANS

[illegible]

## COMMONWEALTH & AFRICAN LOANS

[illegible]

## LOANS

### Public Board and Ind.

[illegible]

### Financial

[illegible]

## FOREIGN BONDS & RAILS

| 1978 High | 1978 Low | Stock | Price £ | + or — | Div. % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 19½ | 17 | Antofagasta Rly. | 19 | ...... | — | — |
| 34 | 33 | Do. 5pc Pref. | 33xd | ...... | — | — |
| 98 | 98 | Chilean Mixed | 98 | ...... | 3 | £3.10 |
| 415 | 350 | German Yng. 4½pc. | 405xd | ...... | 4½ | — |
| 54 | 46 | Greek 7pc Ass. | 54 | ...... | 3½ | f6.48 |
| 51 | 46 | Do. 6pc 28 Stab. Ass. | 51 | ...... | 6 | f6.00 |
| 44 | 40 | Do. 4pc Mixed Ass. | 43 | ...... | 4 | f4.76 |
| 55 | 42 | Hung. '24 Ass. | 55 | ...... | 4½ | 5.00 |
| 77 | 65 | Iceland 6½pc '83-88 | 65xd | ...... | — | 12.60 |

## BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

## AMERICANS

[illegible]

S.E. List Premium 50¼% based on U.S.$1.8232 per £
Conversion factor 0.6553 (0.6566)

## CANADIANS

[illegible]

S.E. List Premium 50¼% (based on $2.0557 per £)

## BANKS AND HIRE PURCHASE

[illegible]

## BANKS & HP—Continued

[illegible]

### Hire Purchase, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

For A. P. Cement see Blue Circle

## CHEMICALS, PLASTICS

[illegible]

## CHEMICALS, PLASTICS—Cont.

[illegible]

## CINEMAS, THEATRES AND TV

[illegible]

## DRAPERY AND STORES

[illegible]

## ELECTRICAL AND RADIO

[illegible]

## ENGINEERING MACHINE TOOLS

[illegible]

## ENGINEERING—Continued

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

## FOOD, GROCERIES—Cont.

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

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## DIAMOND AND PLATINUM



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## AUSTRALIAN

## TINS

## COPPER

## MISCELLANEOUS

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ▪ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | |
|---|---|---|
| Albany Inv. 20p | 23 | ...... |
| Ash Spinning | 45 | ...... |
| Bertam | 22 | ...... |
| Bdg'wtr Est. 50p | 270 | ...... |
| Clover Croft | 24 | ...... |
| Craig & Rose £1 | 435xd | ...... |
| Dyson (R. A.) A | 37 | ...... |
| Ellis & McHdy. | 62 | ...... |
| Evered | 18 | ...... |
| Fife Forge | 50 | ...... |
| Finlay Pkg. 5p | 23½ | ...... |
| Graig Ship. £1 | 154 | ...... |
| Higsons Brew. | 80 | ...... |
| I O M Stm. £1 | 150 | ...... |
| Holt (Jos.) 25p | 265 | ...... |
| Nthn. Goldsmith | 54 | ...... |
| Pearce (C. H.) | 165 | ...... |
| Peel Mills | 20 | ...... |
| Sheffield Brick | 45 | ...... |
| Sheff. Refrshmt. | 52 | ...... |
| Sindall (Wm.) | 87 | ...... |

### IRISH

| | | |
|---|---|---|
| Conv. 9% '80/82 | £91¼ | ...... |
| Alliance Gas | 73 | ...... |
| Arnott | 345xd | ...... |
| Carroll (P.J.) | 90xd | ...... |
| Clondalkin | 96 | +1 |
| Concrete Prods. | 135 | ...... |
| Heiton (Hldgs.) | 40 | ...... |
| Ins. Corp. | 148 | ...... |
| Irish Ropes | 135 | ...... |
| Jacob | 65 | ...... |
| Sunbeam | 33 | ...... |
| T.M.G. | 173 | ...... |
| Unidare | 90 | ...... |

## OPTIONS
## 3-month Call Rates

| Industrials | | | | | |
|---|---|---|---|---|---|
| A. Brew | 6½ | I.C.I. | 20 | Tube Invest. | 30 |
| A.P. Cement | 18 | "Imps" | 6 | Unilever | 35 |
| B.S.R. | 9 | I.C.L. | 20 | Utd. Drapery | 7½ |
| Babcock | 11 | Inveresk | 8 | Vickers | 15 |
| Barclays Bank | 25 | KCA | 3 | Woolworths | 5 |
| Beecham | 35 | Ladbroke | 17 | **Property** | |
| Boots Drug | 15 | Legal & Gen. | 14 | Brit. Land | 2¾ |
| Bowaters | 16 | Lex Service | 7 | Cap. Counties | 4½ |
| B.A.T. | 24 | Lloyds Bank | 22 | E.P. | 5 |
| British Oxygen | 6 | "Lofs" | 4 | Intreuropean | 4 |
| Brown (J.) | 20 | London Brick | 5 | Land Secs. | 16 |
| Burton 'A' | 12 | Lonrho | 5 | MEPC | 12 |
| Cadburys | 5 | Lucas Inds. | 25 | Peachey | 8 |
| Courtaulds | 10 | Lyons (J.) | 10 | Samuel Props. | 9 |
| Debenhams | 8 | "Mams" | 7 | Town & City | 1¼ |
| Distillers | 15 | Mrks. & Spncr | 10 | **Oils** | |
| Dunlop | 7 | Midland Bank | 25 | Brit. Petroleum | 45 |
| Eagle Star | 11 | N.E.I. | 12 | Burmah Oil | 5 |
| E.M.I. | 14 | Nat West Bank | 22 | Charterhall | 3 |
| Gen. Accident | 17 | Do. Warrants | 10 | Shell | 28 |
| Gen. Electric | 18 | P & O Dfd. | 8 | Ultramar | 20 |
| Glaxo | 40 | Plessey | 8 | **Mines** | |
| Grand Met. | 9 | R.H.M. | 5 | Charter Cons. | 12 |
| G.U.S. 'A' | 20 | Rank Org. 'A' | 18 | Cons. Gold | 14 |
| Guardian | 18 | Reed Intnl. | 12 | Rio T. Zinc | 16 |
| G.K.N. | 22 | Spillers | 3 | | |
| Hawker Sidd. | 20 | Tesco | 4 | | |
| House of Fraser | 12 | Thorn | 22 | | |
| | | Trust Houses | 15 | | |

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday June 15 1978



# Education awards by companies to become taxable

BY ERIC SHORT

SCHOLARSHIPS awarded by companies to directors or higher-paid employees to assist in the cost of educating their children are to be taxed as benefits in kind.

The move, announced by the Inland Revenue yesterday, is a further stage in the clampdown on fringe benefits for the higher paid. It is likely to arouse considerable opposition from the companies and employees involved.

Many scholarship schemes have been established for a long time, including those of Imperial Chemical Industries and Barclays Bank. And a plethora of further educational trusts have been set up very quietly since the Finance Act, 1976, which contains provisions for the taxation of benefits in kind for directors and higher-paid employees, primarily to take advantage of an apparent concession on educational trusts.

Under Section 375 of the Income and Corporate Taxes Act, 1970, income from scholarships was exempted from tax. And until now the Revenue has not sought to tax educational scholarships awarded by companies to members of an employee's family on the grounds that Section 375 precluded such action.

Now the Revenue has taken the opposite view in that Section 375 does not override Section 61. It is therefore applying the benefit in kind provisions to all scholarship awards made as from yesterday. But it will not be applied retrospectively.

## Lower-paid

In practice, this meant that directors and higher-paid employees—those earning £7,500 or more—will have the cost of the scholarship awards to their children or other members of the family added to their emoluments and taxed. Lower-paid employees will not suffer since the rules for them are different. The scholarships would be taxed on its saleable value and this is non-existent.

The only exception being allowed is where there is a fortuitous connection in the award of a scholarship and employment. This could occur with a scholarship scheme awarded by a company but available to the general public and it happens that a successful applicant is the child of a director or higher-paid employee of that particular company. Making the scheme available to all employers of the company is not sufficient to avoid tax.

Tax accountants were quick to react to the Revenue action. Mr. Roger Brown, a partner in Deardens chartered accountants, said that "very large sums of money are involved." He predicted that the matter would end up before the courts.

Continued from Page 1

## Fishing

and do not take his hints of a bilateral deal very seriously.

*Christopher Parkes writes:* In London Mr. Silkin spoke openly of his plans to discuss the possibility of a bilateral fishing deal between the UK and Norway.

Reaffirming the Government's determination to win more concessions for the UK fishing fleet, he accused the other EEC governments of being "inflexible" and warned he was confident of winning any drawn-out war of nerves.

Britain could tolerate the absence of a common policy longer than other Community countries, he claimed.

The strongest opposition to the Minister's drive to win special fishing rights for the UK fleet within a band 12 to 50 miles from the British coast comes from West Germany.

British waters comprise some 60 per cent of the whole EEC fishing zone, and the most worthwhile stocks of fish are found within 50 miles of the UK coast.

These are the fish which will most probably be traded off against fishing rights for EEC *trawlers in non-Community* waters. But no such bargains can be struck until the Nine's internal wrangles have been resolved.

In attempting to win the best deal possible for the British deep water and coastal fleets, Mr. Silkin is therefore frustrating German efforts to win back access to rich grounds off Iceland.

A bilateral deal between West Germany and Iceland is not possible mainly because the Federal Republic's waters hold no attraction for the Reykjavik Government.

The Danes and the Dutch, who have more to lose than the Germans in the longer term, have so far ridden along with the Boon offensive. Mr. Silkin's renewed resolve, however, may now persuade them to adopt a more "flexible" approach.

# Shell halts design work on £200m plant

BY KEVIN DONE, CHEMICALS CORRESPONDENT

SHELL CHEMICALS UK has halted design work on a £200m petrochemicals plant planned for its Stanlow site on Merseyside. The 350,000 tonnes a year ethylene plant is now not likely to be built before the mid-1980s.

The plan, announced more than a year ago, has been hit by the drastic fall in the expected growth rate of petrochemicals markets in Western Europe and by the resulting serious over-capacity in petrochemical plants.

Ethylene is the most important base petrochemical. It is used in making a wide range of products from plastics and fibres to detergents, paints and anti-freezes.

A decision on the future of the project hinges on Esso Chemicals' plan to build an even larger ethylene cracker at Mossmorran, Fife, in Scotland. Shell *has agreed to take 40 per cent* of the production of the Mossmorran cracker, if it is built.

Mr. Gerard Fairtlough, managing director of Shell Chemicals UK, said yesterday it was very *unlikely* that the two plants would be built simultaneously. Esso is due to decide on its project at the end of the year.

He said the Shell plans for a cracker had been "frozen" after the preliminary design stage.

Shell is pushing ahead with its other major expansion project, the construction of a £50m higher olefins plant, also at Stanlow. Higher olefins are used as raw materials for such things as detergents, plastics and oil *industry additives.*

Mr. Fairtlough said the company hoped to seek main board approval for the plant in the autumn, probably in September.

## Estimates

The plant would become a heavy additional ethylene user, but Mr. Fairtlough said he was confident sufficient ethylene would be available in the UK from other producers for a number of years.

*The latest company estimates* suggest that even if the 500,000 tonnes a year Mossmorran cracker does not go ahead there will be enough ethylene capacity in the UK to meet expected demand until at least 1985. ICI and BP are building a £150m, 500,000 tonnes a year plant at Teesside. This is due to come on stream at the turn of the year.

The start could be affected by the industrial dispute at ICI's Wilton site on Teesside. This is threatening to shut some plants and delay the commissioning of new units.

The latest financial results from Shell Chemicals UK demonstrate the severe difficulties facing petrochemical producers. The company announced yesterday that it made a loss of £3.1m in the first three months of the year, compared with a profit of £6.5m in the same period last year.

Mr. Derek Crofton, finance director of Shell Chemicals UK, said there had been a very slight recovery in the volume of sales in the home market compared with October-December last year, when the company made a loss of £3.7m. But exports continued to shrink, both in terms of tonnages and prices.

In the first quarter of last year the company was "on the crest of a wave," Mr. Crofton said. The situation deteriorated and substantial losses were made in the second half of the year.

The company has been helped *recently by a significant fall in* feedstock costs.

# ICI gives closure timetable

BY NICK GARNETT, LABOUR STAFF

IMPERIAL Chemical Industries said yesterday that the shutting down or two or three of the smaller plants on its petrochemicals site at Wilton, Teesside, would probably begin within four to six weeks.

This is in addition to the smaller of its two ethylene plants which is being shut from Monday in a dispute with two of the company's manual unions over the training of artificers who service and maintain control-room instrumentation.

The shut-down plan is based on ICI's belief that the 18-month dispute will not be resolved quickly.

Mr. Brian Jenkins, personnel and Wilton site co-ordinating *director, said there was "no* reason to expect it won't go on."

No further meetings between the two sides have been planned.

More plants on the site are likely to be affected but the company says any repercussions on ICI customers would not be felt for some time.

The company *is* maintaining production of the larger of its two ethylene crackers which, with a capacity of 450,000 tonnes, is more than twice as large as the one that is being shut.

The close-down programme, which ICI says has been forced on it by a severe shortage of instrument artificers, will affect about 50 workers to begin with.

The company will attempt to find alternative employment for these men, who work on the ethylene plant, within ICI.

If the dispute continues, a further 100 to 200 jobs could be put at risk within about six weeks.

The Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union are refusing to co-operate on the training of fitters and electricians as artificers until the company improves pay rates for craft workers.

The unions say the shortage of artificers, who are vital to the saefty and reliability of high pressure chemical processes, can only be overcome by improvements in wage rates.

The company maintains that it could keep sufficient numbers of internally trained artificers to help it solve its undermanning *in the control rooms.*

News Analysis Page 8

# Chrysler sales may be hit by criticism of small cars

BY JOHN WYLES

NEW YORK, June 14.

THE sales prospects of Chrysler's new small car design, marketed as the Dodge Omni and the Plymouth Horizon, may have suffered a severe blow today. The models became the first U.S.-produced cars this decade to be labelled "not acceptable" by a leading American consumer organisation.

Chrysler quickly responded that the designation was "grossly unfair." But this award from Consumer Reports, the monthly magazine of the Consumers Union, attracted heavy media *attention today. It could have* an immediate impact on the market for the cars, which have sold 165,000 since they were launched at the start of the year.

The cars are not sold in the U.K., but are sold in Europe as the Horizon.

Chrysler already expects to lose money this year and can ill afford a sales decline when the new car market is buoyant.

The controversy has attracted the attention of the National Highway Traffic Safety Administration, the U.S. Government's safety watchdog. It said the magazine's reports were "potentially very serious" and the Administration would look at its testing, methods and findings.

No complaints about the car's steering had been received from Omni/Horizon owners.

The magazine concluded after testing three Omni/Horizon cars that the design was "the most unfortunate car of the year." Its claim was based on the results of "directional stability tests," one of which involved twitching the steering wheel and then letting it go when the car was travelling *in a straight line* at 50 miles an hour.

Journalists were shown film of the car veering from side to side instead of straightening itself in a way which had been demonstrated by about 150 other models tested by the magazine in recent years.

In a second test to establish the vehicle's stability while swerving around an obstacle, again at 50 miles an hour, the film showed the car swinging out of control and turning a full 180 degrees.

The magazine's testers gave the opinion that controlling the car in such a situation "could require more driving skill and experience than most non-professional drivers possess."

After the film show Mr. Chris Kennedy, Chrysler's manager for motor safety development, said the "twitching test" was "unusual and freakish and has no relationship to the use of the car by customers."

He acknowledged that Chrysler had discovered the erratic behaviour in its own testing. The company had not found the car unstable in avoiding an obstacle as Consumer Report said.

● General Motors Corporation said it would recall a total of 598,000 1977 and 1978 cars in two separate actions.

About 333,000 1978 cars equipepd with certain V6 and V8 engines will be recalled to determine whether the engine fan blade assembly needs replacement.

In addition 265,000 mid-size 1977 cars will be recalled to determine whether the *rear* axle shafts require replacement.

# TUC plans autumn campaign for shorter working week

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GROUNDWORK for a *general trade union* onslaught this autumn against the 40-hour working week is being prepared by the TUC, it emerged yesterday.

Some unions, notably the Transport Workers, have already determined to make 1978 the year in which to fight for a shorter week and other work-sharing devices to help the unemployed.

The campaign will now be greatly strengthened by a policy paper being prepared for next month's meeting of the TUC economic committee. The policy would eventually be incorporated in the general council's report to September's Trade Union Congress in Brighton.

Calls for a detailed assessment *of work-sharing—principally by a* phased cut in the working week to 35 hours—were made at yesterday's meeting of the economic committee.

TUC officials have already started work, prompted by a recent article in the Department of Employment Gazette which warned that a cut in hours would lead to undue amounts of extra overtime, could be expensive and inflationary, and could leave Britain at a competitive disadvantage.

That assessment has been sharply attacked by the trade union research unit at Ruskin College, Oxford, and the TUC *will now investigate the assumptions* on which the Department's work is based. A key point in the argument is whether the last cut in the working week, between 1964 and 1966, did or did not lead to an equivalent drop in the number of hours worked.

*British unions have been* encouraged by the success of their Belgian counterparts in the public services and in many private firms, including oil companies, in winning a week of 38 *hours or less.*

Work-sharing was the subject of a recent meeting in Brussels between the European Trades Union Confederation and Mr. Henk Vredeling, the EEC commissioner with responsibility for social affairs, and it will be on *the agenda of the Council of* Europe meeting in Bremen next month.

Firemen's talks founder Page 16

# Jobs claim denied

BY DAVID FREUD

THE INCREASE in employers' National Insurance contributions proposed last week would not cause additional unemployment, senior Whitehall officials said yesterday.

Witnesses before the Commons Expenditure Committee's social services and unemployment sub-committee denied Confederation of British Industry claims that the $2\frac{1}{2}$ per cent surcharge on contributions would cost 100,000 jobs.

Mr. Tony Larsen, Under-Secretary at the Department of Employment said the surcharge had been proposed to recover the £500m revenue lost as a result of the Opposition's tax-cutting amendments in the Budget.

He believed that the adverse unemployment effects of the surcharge were likely to be more than counter-balanced by the beneficial effects on economic activity of the amendments.

The Department of Employment felt that, taken on its own, the surcharge could cost about 60,000 jobs. Increasing value added tax to 10 per cent would have had roughly the same effect.

Mr. Frank Cassell, Under-Secretary at the Treasury, said the CBI was looking at the surcharge totally in isolation from all the other tax changes. "The reductions in income-tax in the amendments will themselves create employment," he said.

# Comecon plans big change in voting system

By Roger Boyes

COMECON, the east European economic alliance, is considering a crucial change in its voting system. This could force the economic policies of smaller Communist states into line with *the Soviet Union and provoke* serious strains within the bloc.

The nine Comecon members—the Warsaw Pact states plus Mongolia and Cuba—are expected to discuss the new voting proposals at a summit in Bucharest at the end of this month. *The proposed change,* according to east European diplomats, would mean a shift from the unanimous voting procedure to a system making majority decisions binding on all member countries.

Dissenting Comecon states so far have been able to express their disapproval with the alliance's decisions by simply not taking part in the final vote. Although the vote would be presented to the outside world as unanimous, the dissenting *state* effectively could ignore the decision unless other pressures were brought to bear.

If the new voting system goes into effect, Russia, which seeks complete integration within the alliance, could make majority decisions on such big issues as *economic integration* and industrial specialisation binding on dissenting states.

As a result, Russia, which at present often has to achieve its aims in the alliance through informal means or at the planning committee stage, would be able to act with the full weight of Comecon behind it. States which declined to participate in certain decisions, in theory could have sanctions applied against them.

These powers particularly would affect Romania, which alone among East European states has a bilateral agreement with the EEC. This provoked strong criticism from Russia and it is conceivable that Comecon, with majority backing, could declare itself against such agreements. Romania then would be faced with the alternative of leaving Comecon or rescinding its arrangement with the European Community.

## Supporter

Romania's disquiet with the proposals was made clear in a report from Bucharest issued by Tanjug, the Yugoslav news agency. Often, when Romania wants to express disagreement with Warsaw Pact or Comecon policies, it does so through the *medium of Yugoslavia,* one of its closest friends.

The Tanjung report was quite unambiguous about Romanian feelings: "According to Romanian economic experts, the new clause in the statute would run counter to strengthening the economic sovereignty of the members. Romania is a strong supporter of economic sovereignty for Comecon countries."

Romania is also a strong proponent of intra-Comecon bilateral agreements. These agreements often involve only two or three countries in the alliance and promote a relatively intensive degree of economic co-ordination and co-operation within a small geographic area.

Other east European countries, including Bulgaria and Hungary, also favour such arrangements, which are rarely mentioned publicly.

Continued from Page 1

## Trade

*was only* $\frac{1}{2}$ *per cent up during* the past three months and was less than 2 per cent higher than the average for 1977 as a whole.

The underlying growth in imports looks like being more rapid this year. The volume of finished manufactured imports has risen by $1\frac{1}{2}$ per cent in the last three months to a level more than $9\frac{1}{2}$ per cent higher than the average for last year, reflecting the marked recovery of consumer spending.

Moreover, purchases of industrial materials have remained at a high level after the $12\frac{1}{2}$ per cent jump in the first quarter. This increase may not have reflected on exceptional build-up of stocks of raw materials as officials had hoped at the time.

Consequently only the rising *oil* production has ensured a total export volume increase of $2\frac{1}{2}$ per cent in the last three months and an import volume drop 1 per cent over the period. Both figures exclude erratic items.

The official view is that there is so far no reason to revise forecasts of a £750m surplus for the year as a whole after an £11m current account deficit in the first five months.

The latest figures include revised estimates for invisible earnings; the monthly surplus is now running at £120m, rather than £100m as previously stated. This compares with a monthly average of about £90m in the first quarter.

The difference between the *estimates* is that earlier figures were adversely affected by exceptionally heavy payments to the EEC in the first quarter.

THE LEX COLUMN

# Westland takes a nose-dive

Far from being a recovery year, it now looks as if 1977-78 could end up as Westland Aircraft's least profitable period for the past decade. At this stage the company seems to be in little doubt that there will be a substantial reduction in last year's pre-tax figure of £5.8m though it is not yet talking of an overall loss for the year. In 1976-77 profits were severely checked by net provisions of £$6\frac{1}{2}$m, mainly relating to a Ministry of Defence contract for the Lynx helicopter signed in 1973.

Westland said last winter that although the MoD contract looked unlikely to produce profits for another 18 months, management was determined that the contract "must not require any further provisions." Now only six months later it seems clear that "a substantial increase" will be necessary in existing Lynx *provisions. The* exact amount of additional provision could, Westland says, "be as great as last year or even more." Altogether this suggests that Westland's largest operating unit—helicopters—will end the year with a loss, against a profit of £3.4m last time. Though in most other parts of the group profits have been good, it is hard, from what Westland is now saying, to come up with a group pre-tax figure of more than £3m.

The problem is the helicopter factory at Yeovil, where the earnings of some 2,000 employees are determined by the piecework earnings of less than *half that number.* Negotiations are still going on and provisions now made (and anticipated) take into account likely levels of wage inflation over the next year at least.

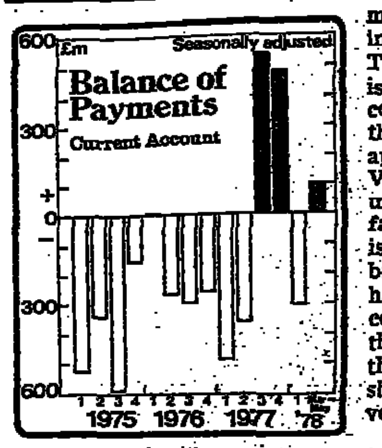
Thanks to substantial advance payments, *including £15m in* respect of the new Egyptian deal, Westland's balance sheet does not show excess gearing. But it has not produced a proper return for some years now.

Before the news, Westland's share price closed yesterday at 52p, (a market capitalisation of £31m) its highest point for the year. But with the interim dividend skipped, and the final in some doubt, the trend can only be down.

## Long tap

The stags obviously had a hey day with the tiny £7m South Tyneside issue, which was more than 100 times oversubscribed, but they are likely to steer clear of the long tap when application lists open this morning. The speculative euphoria which

Index fell 2.7 to 471.9




gripped the gilt-edged market at at the end of last week has died down and last night brokers were undecided as to whether the £1bn issue would go at once. Only £150m initially needs to be put up, but the prospect of sizeable short term profits has evaporated.

The announcement of another tap, Exchequer 10 per cent 1983, on Monday did not help sentiment, and yesterday's trade figures, while not much worse than expected, are clearly not going to fuel the speculative inflows which the gilts market *would like to see.*

However, although the current account is still just in deficit after five months of the year, the main influence on the gilt-edged market over the next few months will be last week's package. *The scene has been* set for a sharp deceleration in monetary growth and interest rates are likely to move lower. Against this background it does not really matter whether today's issue is oversubscribed.

## Sony

The half time results from Sony do nothing to repair the company's damaged image. Net income for the six months to *March 31 is down* by 41.1 per cent and the outlook is bleak. Though U.S. institutions moved the price only marginally below the Tokyo close of Y1,750 there is not an analyst on Wall Street with a polite word to say about the figures.

The chief problem remains the yen which has risen by a trade weighted 21 per cent over the past year and whose rise has caused another dramatic decline in Sony's margin on sales.

Yet the feeling is growing that Sony's problems go beyond currencies. Televisions remain its main product and the company appears to be losing market share in Japan and to be suffering from the voluntary import restraint that Japanese manufacturers are now exercising in their shipments to the U.S. The great hope for Sony's future is held to be Video Tape Recorders and here, in particular, the half-time figures are a disappointment. Second-quarter VTR sales were only 2 per cent up over the year and — special *factors notwithstanding* — this is not the explosive growth of a brand new product. Even the half-yearly growth of 25 per cent seems muted and there is the suggstion in the figures that the Sony system is losing market share to its Japanese rival, developed by JVC-Matsushita.

## Lofs

Compared with last year's attributable profits of £4.3m, *London and Overseas Freighters* has reported attributable losses of £4.0m for 1977-78, passed its dividend and is seeking a deferment of some loan repayments. Given the depressed state of the industry in which it operates this comes as no real surprise but it was sufficient to knock the shares $6\frac{1}{2}$p lower to $27\frac{1}{2}$p.

What really seems to have upset the stock market is the speed with which the group's cash resources are disappearing. As the overall fleet barely covered its operating costs last year, let alone earned sufficient for interest charges and loan repayments, cash balances were virtually halved to £8.6m. This year the group has to find another £9m for loan interest and repayments and since the fleet is still a long way off trading profitably, the group has decided to seek Government help in deferring loan repayments.

While the trading position is grim, LOFS has nothing to lose by painting a bleak picture. Negotiations have not yet started with the Government over the compensation terms *for the Austin and Pickersgill* ship-builders and in common with Vickers, it wants everyone to know that it is suffering badly from the Government's tardiness.

That said, however, its decision to continue to pour good money after bad into subsidising its tanker operations is sapping shareholders' funds. The prospects for a recovery in the dry cargo and bulk cargo business seem to be closer than in the case of tankers. LOFS believes the market for the latter will pick up in a couple of years. Others are far less optimistic.

## Weather

UK TODAY

CLOUDY.

**London, S.E. and E. England, E. Anglia**
Cloudy, showers. Max. 14 to 16C (57 to 61F).

**Cen. S. and Cen. N. England, Midlands, Channel Is.**
Cloudy, rain. Max. 14 to 16C (57 to 61F).

**S.W. and N.W. England, Wales**
Cloudy, rain. Max. 16 to 17C (61 to 63F).

**Lakes, Is. of Man, S.W. Scotland, Glasgow, N. Ireland**
Cloudy, rain. Max. 15 to 16C (59 to 61F).

**N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Moray Firth**
Bright, showers. Max. 14C (57F).

Outlook: rain, becoming dry in E. and N.

BUSINESS CENTRES

| | | Y'day mid-day °C | °F | | | Y'day mid-day °C | °F |
|---|---|---|---|---|---|---|---|
| Alexndria | S | 31 | 88 | London | C | 13 | 55 |
| Amsdm | C | 14 | 57 | Luxemb'g | F | 18 | 64 |
| Athens | S | 29 | 84 | Mardrid | F | 19 | 66 |
| Bahrain | S | 40 | 104 | Manchestr | C | 14 | 57 |
| Barcelona | F | 23 | 73 | Melbourne | R | 12 | 54 |
| Beirut | F | 21 | 70 | Milan | F | 19 | 66 |
| Belfast | R | 11 | 52 | Montreal | C | 8 | 46 |
| Belgrade | C | 15 | 59 | Moscow | C | 14 | 57 |
| Berlin | F | 18 | 64 | Munich | F | 16 | 61 |
| Brmghm | C | 12 | 54 | Newcastle | F | 15 | 59 |
| Bristol | C | 13 | 55 | New York | S | 16 | 61 |
| Brussels | F | 16 | 61 | Oslo | F | 20 | 68 |
| Budapest | C | 18 | 64 | Paris | F | 19 | 66 |
| B. Aires | Fg | 11 | 52 | Perth | C | 10 | 50 |
| Cairo | S | 36 | 98 | Prague | C | 14 | 57 |
| Cardiff | C | 13 | 55 | Reykjavik | R | 10 | 50 |
| Chicago | S | 17 | 63 | Rio de J'o | S | 24 | 76 |
| Cologne | F | 17 | 63 | Rome | S | 26 | 79 |
| Copnhagn | F | 19 | 66 | Singapore | S | 30 | 87 |
| Dublin | C | 14 | 57 | Stockholm | C | 16 | 61 |
| Edinbrgh | C | 14 | 57 | Strasbrg | F | 19 | 66 |
| Frankfurt | F | 17 | 63 | Sydney | C | 13 | 55 |
| Geneva | F | 16 | 61 | Tehran | S | 24 | 75 |
| Glasgow | F | 16 | 61 | Tokyo | S | 27 | 81 |
| Helsinki | F | 15 | 59 | Toronto | S | 12 | 54 |
| H. Kong | S | 31 | 89 | Vienna | F | 18 | 64 |
| Jo'burg | S | 25 | 77 | Warsaw | C | 15 | 59 |
| Lisbon | R | 16 | 61 | Zurich | S | 16 | 61 |

HOLIDAY RESORTS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Ajaccio | F | 26 | 79 | Jersey | C | 15 | 59 |
| Algiers | S | 26 | 79 | Las Plms | F | 22 | 72 |
| Biarritz | C | 18 | 64 | Locarno | F | 20 | 68 |
| Blackpool | C | 14 | 57 | Luxor | S | 39 | 102 |
| Bordeaux | C | 20 | 68 | Majorca | S | 25 | 77 |
| Boulogne | C | 13 | 55 | Malaga | F | 24 | 75 |
| Casablnca | F | 21 | 70 | Malta | S | 31 | 88 |
| Cape Town | S | 19 | 66 | Nairobi | S | 24 | 75 |
| Corfu | S | 29 | 84 | Naples | S | 24 | 75 |
| Dubrovnik | F | 24 | 75 | Nice | C | 21 | 70 |
| Faro | F | 19 | 66 | Nicosia | S | 34 | 93 |
| Florence | R | 20 | 68 | Oporto | C | 14 | 57 |
| Funchal | C | 20 | 68 | Rhodes | S | 31 | 88 |
| Gibraltar | F | 22 | 72 | Salzburg | F | 17 | 63 |
| Guernsey | C | 13 | 55 | Tangier | F | 21 | 70 |
| Innsbruck | F | 18 | 64 | Tenerife | F | 18 | 64 |
| Inverness | S | 13 | 55 | Tunis | S | 33 | 91 |
| Is. of Man | S | 15 | 59 | Valencia | F | 27 | 81 |
| Istanbul | S | 29 | 84 | Venice | F | 19 | 66 |

C—Cloud. F—Fair. Fg—Fog. R—Rain. S—Sun.



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